



# ANNUAL MUNICIPAL REPORT 2008/09

This Annual Management Report was produced from the Office of the Municipal Manager. It reviews all performance related activities in accordance with the requirements of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) for the period 1 July 2008 to 30 June 2009. Information contained in this publication was provided by the various departments. Every effort was made to ensure that facts are correct.

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## I. LIST OF ABBREVIATIONS AND DEFINITIONS

### II. ABBREVIATION

ABBREVIATION	DEFINITION
LED	Local Economic Development
BLM	Bushbuckridge Local Municipality
DDEPARTMENT OF CORPORATE GOVERNANCE AND TRADITIONAL AFFAIRS	Department of Development Planning and Local Government
ICT	Information and communication technology
IDP	Integrated Development Plan
KPI	Key performance indicator
PMS	Performance management system
PMU	Project Management Unit
MFMA	Municipal Finance Management Act
MSA	Municipal System Act
KPA	Key Performance Area
BPMS	Bushbuckridge performance management system
MPI	Municipal priority issue
NKPI	National key performance indicator
PAA	Previously advantaged area
PDA	Previously disadvantaged area
RED	Regional electricity distributor
SMMEs	Small, medium and micro enterprises
BPMS	Bushbuckridge Performance Management System
VIP	Ventilated approved pit latrine
SDF	Spatial Development Framework
SDBIP	Service Delivery Budget Implementation Plan
WSP	Workplace Skill Plan
DCGTA	Department of Corporative Governance and Traditional Affairs
AG	Auditor General
CDWs	Community Development Workers
DBSA	Development Bank of Southern Africa
DLG	Mpumalanga Department of Local Government
DM	District Municipality
DEPARTMENT OF CORPORATE GOVERNANCE AND TRADITIONAL AFFAIRS	Department of Provincial and Local Government
DWAF	Department of Water Affairs and Forestry
EE	Employment Equity

ABBREVIATION	DEFINITION
IGR	Inter Governmental Relations
ISF	Integrated Spatial Framework
ITP	Integrated Transport Plan
LM	Local Municipality
LUMS	Land Use Management Systems
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MPRA	Municipal Property Rates Act
MSA	Municipal Systems Act
NSDP	National Spatial Development Perspective
PCC	Presidential Coordination Council
PCF	Premiers Coordinating Forum
PGDS	Provincial Growth and Development Strategy
PMS	Performance Management System
RSC	Regional Service Council
SALGA	South Africa Local Government Association
Section 46 Report	Report required in terms of Section 46 of the MSA
Section 121 Report	Report required in terms of Section 121 of the MFMA



### III. DEFINITIONS

ABBREVIATION	DEFINITION
Key performance areas (KPA's):	KPA's are clear statements of intent which guide the development of the programs and projects making up the IDP. Example: To service 1000 low-cost housing project sites with basic levels of sanitation within ten years
Key performance indicator (KPIs):	KPIs are derived from KPA/objective statements. It is an expression of what is going to be measured and how the measurement is going to be done with a view to establish to what degree the KPA/objective has been reached Example: Accumulative number of low-cost residential stands provided with basic levels of sanitation
Baseline	The baseline explains the status quo or the current situation. Example: 5000 low-cost residential stands provided with basic levels of sanitation
Target	The target expresses the commitment towards performance. Example: 20000 low-cost residential stands provided with basic levels of sanitation by the end of the year. In this example the baseline at the beginning of the year was 10000 low-cost residential stands provided with basic levels of sanitation.
Inputs / Activities	Activities that an employee is expected to do in order to produce a KPI.
Weighting	Percentage value of a KPA in relation to other KPA's.
Source Document	A document from which the evidence that the KPA has been performed or not.
Performance Contract	The document that records the agreements between the employee and the manager on what is expected from the employee in terms of performance for the performance cycle. This also records the employee's development plan.
Performance Review	The process where the performance of the employee is measured by checking the variance between the actual and the expected performance. This is also where their progress in terms of both the performance and development is measured.
Performance Assessment	This is a 1 to 5 numeric value scale used to assess the degree to which targets have been achieved.

#### IV. EXECUTIVE MAYOR'S FOREWORD

We have experienced both highlights and lowlights in terms of meeting our community's expectation and demand of service delivery entitlement and the introduction of incorporated municipal planning. The Bushbuckridge Integrated Development Plan (IDP) and related performance management process (BPMS), serve as the fundamental instrument in transforming service delivery within the Bushbuckridge Local Municipality.

We are aware and conscious about immense challenges facing our municipality in fast-tracking service delivery and eradicating the backlogs. The introduction of Performance Management System is seen as a hallmark to ensure visible and tangible service delivery mechanism aligned to all municipal process of ensuring accurate planning, implementation, monitoring and reporting.

**Centrally to achieving sizeable results is the effective and efficient synchronization and seamless assimilation of integrated development planning with all key municipal processes such as**

- Sector Plans
- Performance Management System
- Service Delivery Budgeting Process
- Project Implementation, Reporting and Evaluation

**The report is well thought-out to focus on the five Key Performance Areas as reflected below:**

- Municipal transformation and organizational development
- Basic service delivery
- Local economic development
- Municipal financial viability and management
- Good governance and public participation
- Cross-cutting interventions

In presenting this Annual Performance Report for 2008/2009, I trust that this report will be acknowledge without prejudice and will share critical information as to how best as a municipality we have transformed and prepared our institution to ensure that service delivery is the key focus to meet our community needs as enshrined within the municipal vision and mission.

## **V. STATEMENT BY THE MUNICIPAL MANAGER:**

### **MUNICIPAL MANAGERS COMMENT**

The municipality is a Presidential node, nevertheless we remain hard at work to ensure that communities receive delivery. Since the establishment of Bushbuckridge Municipality in 2000 this government entity has experienced good improvements in the administration. However, we need to also confirm and acknowledge that the issues of the Audit Opinion have been a thorn in the municipalities and Bushbuckridge Local Municipality is no exception. We need to work hard and commit our efforts towards improving the latter aspect. With regards section 57 of Municipal System's Act all directors have been appointed namely, Director Municipal Works, Director Economic Development Planning and Environmental Management, Director Water Services, Director Corporate Services, Chief Finance Officer, Director Internal Audit, Director Community Services and Deputy Director Transversal Affairs. This position has made the task of the Municipal Manager easier because of the efforts emanating from different directorates resulting in the office to live to expectations of Council.

The Dwarf transferred staff is in a process of being appropriately integrated in municipal regions.

Both the administration and Council faces challenges of achieving a credible IDP as stipulated in Municipal System Act, that is, presenting and adopting a budget that will live to fundamental service delivery in the IDP e.g. rollover projects are to be included in both IDP and Budget. The measurement of performance in relation to the IDP and Budget must be reflected in the Service Delivery Budget Implementation Plan. The annual report should speak to the attainment of all the above services delivery instruments.

## **VI. STATEMENT BY CHAIRPERSON OF AUDIT COMMITTEE**

### **CHAIRPERSON STATEMENT**

## VII. LEGISLATIVE OVERVIEW

**Section 46 of the Municipal Systems Act requires a municipality to prepare for each financial year a performance report “reflecting–**

- The performance of the municipality and of each external service provider during that financial year;
- A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and
- Measures taken to improve performance”.

In addition, the Municipal Finance Management Act requires that the municipality’s annual report must include the Annual Performance Report

Whilst this Consolidated Municipal Annual Performance Report for 2006/2007 provides insight into the performance of municipalities and presents comparisons against set targets, the information provided by municipalities and key components within the DLG was not independently audited or verified.

Bushbuckridge Local Municipality is in accordance with the Municipal Systems Act (Section 46) and the Municipal Finance Management Act (Section 88) presents this report on the performance of the municipality to ensure compliance and accurate reporting of the overall municipal performance against set performance standard. This report provides effect to the provisions of the Municipal Systems Act and to other legislative requirements that are described in the Bushbuckridge Performance Management Policy Framework.

**This annual report on performance results, specifically in terms of the Key Performance Indicators (KPIs), and on interventions to improve performance must be shared and approved by the Municipality’s Council, and the content of the report be made available to key stakeholders, such as:**

- the community (by means of an address by the Executive Mayor at a public meeting at which the community is given the opportunity to direct questions to the Executive Mayor);
- the Auditor-General;
- the provincial government;

## VIII. ANNUAL PERFORMANCE REPORT OUTCOMES

The overall outcome of the Annual Performance Report will comprise of the following reporting main sections:

### Section 1

- Overview by Performance Management System Unit

### Section 2

- Background / Rationale of Bushbuckridge Local Municipality

### Section 3

- Building Blocks of Performance Management System

### Section 4

- Service Delivery

### Section 5

- Local Economic Development and Planning

### Section 6

- Municipal Transformation

### Section 7

- Municipal Financial Viability and Management

### Section 8

- Good Governance and Public Participation

### Section 9

- Performance Monitoring, Reporting and Evaluation

### Conclusion

### Annexure

### Report Authorisation

# SECTION 1

## 1. OVERVIEW BY PERFORMANCE MANAGEMENT SYSTEM UNIT

### 1.1 INTRODUCTION

**Bushbuckridge Local Municipality has made a giant step to introduce a Performance Management Unit to assist the organisation to:**

- Starting the Performance Management System process
- Facilitate the implementation of BPM
- Monitor and Report Performance Progress
- Timetable all reporting processes for the year;
- Prepare logistics for reporting;
- Develop and improve reporting formats;
- Track and monitor reporting processes;
- Analyse performance reports accordingly
- Compile complete quarterly organisational reports from time to time;
- Review the reporting processes and initiate improvements.

### 1.2 PROGRESS / CONSTRAINTS

During the implementation of the performance management system it became evident that the purpose of the Bushbuckridge Performance Management System (BPMS) was misunderstood by most managers. Performance Management was viewed as the responsibility of Departmental Support Service components) and as a system to effect performance bonuses. This was reflected in the non cooperation of some Departmental Heads who did not exercise overall dedication to the mandatory processes of BPMS.

This practice was reinforced by the fact that the PMS Unit did not enjoy the total protection of the Municipal Manager and Municipal Council. Concerted effort was made to produce a shift in paradigm.

The intervention by Izicwe Consulting Services assisted in the training and facilitation of the introduction of the system to the organisation. A team of representatives of the various municipal structures called PMS Task Team was trained with the aim of cascading the system through the entire organisation.

A template was designed based on Balance Scorecard principles and best practice. These templates set out the institutional scorecard. Once these had been developed the departmental and individual scorecards were then be developed and cascaded accordingly. On engaging the different Departmental Heads of the Municipality to come on board regarding the performance management system it was felt that the proposed template was burdensome and complicated and simplicity process to customise the template was adhered to in line with best practice and assistance of the service provider.

During the development of these KPA's the linkages that had been established for the IDP-BPMS-Budget was lost resulting to non-alignment between the IDP and SDBIP.

Subsequently, a report was tabled by the Internal Audit division with an advisory view of streamlining the activities of the performance management initiative linked to both IDP and SDBIP for accurate project implementation and reporting.

This report, amongst others, proposed and introduced a new template that would be used by Departments to measure and report performance as required by the **Department of Corporative Governance and Traditional Affairs**.

The introduction of the above changes caused general confusion amongst Departments. Subsequently the anticipated quarterly reports and measurements were in most cases handled in an ad hoc manner resulting in the inability to review targets and indicators. Cognisance must be taken of the fact that there is information that certain departments have failed to provide notwithstanding repeated requests for such information which resulted to excessive review and inaccurate reporting of Service Delivery Budgets report.

### 1.3 LESSONS LEARNT

Reporting requires that the priorities of the organisation, its performance objectives, indicators, targets, measurements and analysis, are taken and presented in a simple and accessible format, relevant and useful to the specified target groups for review. While it is important that the reporting formats are relevant, useful and cater for the reader's need in reviewing performance, the existence of too many reporting formats can become both confusing and burdensome to the organisation. The ideal situation is the existence of one reporting format that contains the necessary information for all users, yet remains simple and accessible to all users.

### 1.4 SUGGESTED IMPROVEMENTS

It is a legislative requirement that all stakeholders of the Municipality get involved in the performance management of the Municipality. Accordingly building capacity of these stakeholders to participate meaningfully in the performance management processes is imperative.

It is therefore suggested that the public should be informed frequently of the performance information through

- Press releases
- Publication of pamphlets
- Newsletter
- Website



## 1.5 CONCUSSION

**It was concluded that, the minimum information for inclusion in a standard report should reflect:**

- Vote number
- Project number
- Project name
- Funding source
- Budget amount as per IDP
- Quarterly performance progress
- Total budget expenditure
- Project schedule
- Reason variance for over and under expenditure
- Remedial actions

In order for the performance management system to enjoy credibility and legitimacy from the public and other stakeholders, performance reports must be audited.

It is further suggested that in order to ensure that the BPMS is useful and effective, regular evaluation of the system in terms of all its users be conducted. The evaluation should preferably be conducted after the compilation and publication of the annual report using a sample group that is a representative of all stakeholders and key decision makers in the municipality.

A further useful exercise would be the commissioning of the service provider to evaluate the BPMS preferably after the first year and three years thereafter. The purpose of these evaluations is to bring about improvement on the BPMS that should be implemented afterwards.

In the spirit of corporate governance networking and sharing knowledge and information with other municipalities locally will enhance the usefulness and effectiveness of the BPMS

It is trusted that the Annual Report will be acknowledged without any ***prejudice*** and treated with self-controlled understanding of the desperate situation the compilers were thrust into when putting together this report.

It was, and hopefully still is, our responsibility to ensure that the municipality succeeds in implementing the BPMS framework because with this tool, we will ensure that the municipality improves the quality of life of the people and communities they are meant to serve.

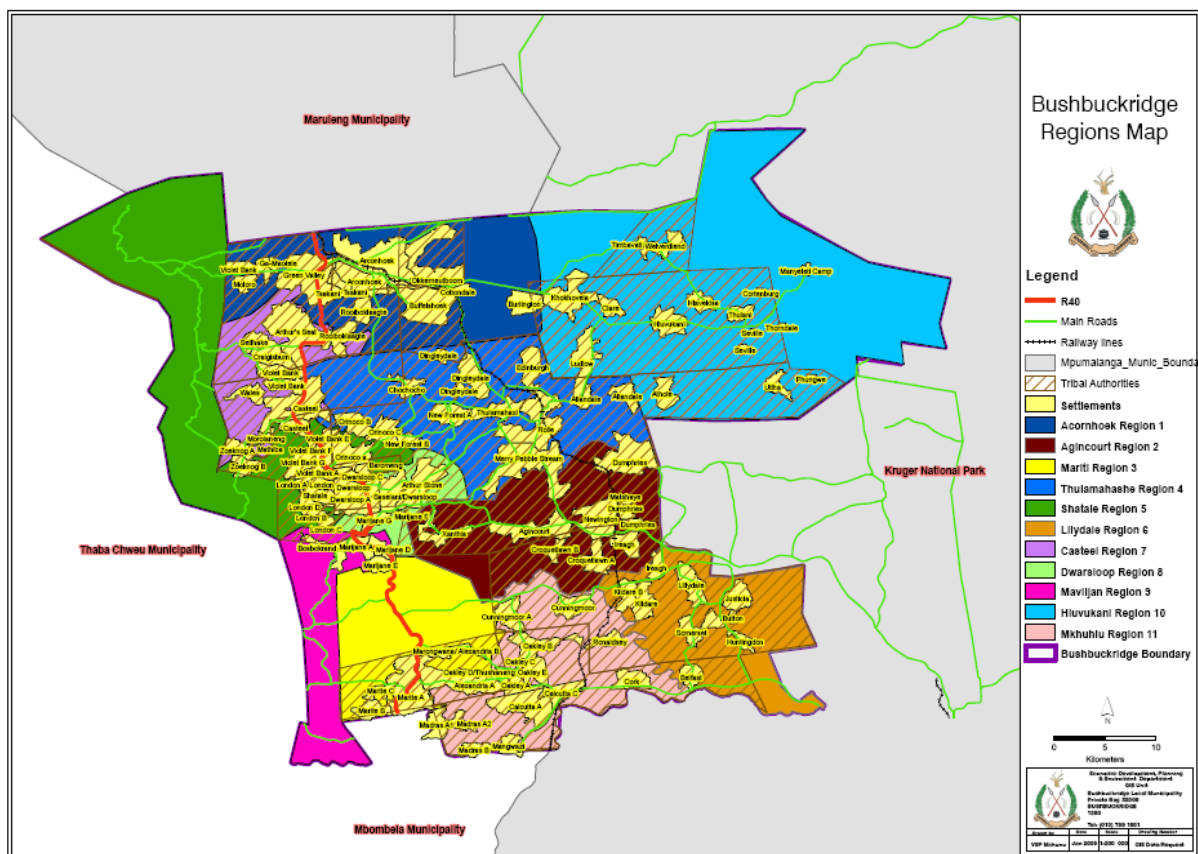
## SECTION 2

### 2. BACKGROUND OF BUSHBUCKRIDGE LOCAL MUNICIPALITY

#### 2.1. INTRODUCTION

Bushbuckridge Local Municipality was declared a presidential nodal point by the president of the republic in 2001; it is located in the north-eastern part of the Mpumalanga Province. The municipality is one of the five constituents of the Ehlanzeni District Municipality, and is bounded by Kruger National Park in the east, Mbombela Local Municipality in the South and Thaba Chewu local municipality in the South West. It is part of the Kruger to Canyon Biosphere. The Municipal area provides a link to economically viable centres in the Lowveld, particularly Hazyview, Hoedspruit, Pilgrim Rest and Graskop. The Municipal Area can therefore be called the gateway to the major tourism attraction points in Mpumalanga and the south eastern part of the Limpopo Province. The Municipality covers approximately 259 000ha of land area.

*The map below showcase the geographical overview of the Bushbuckridge Spatial layout*



## 2.2. SOCIO-DEMOGRAPHIC PROFILE

The information contained in this section is to provide a good understanding of the key social, economical, physical and environmental features of the municipal area and their impact on spatial and sustainable development.

The precise Bushbuckridge Population statistical information remains a challenge; information in this report rely on the information provided by “*Statistics South Africa*”

### 2.2.1. SOCIAL DEVELOPMENT

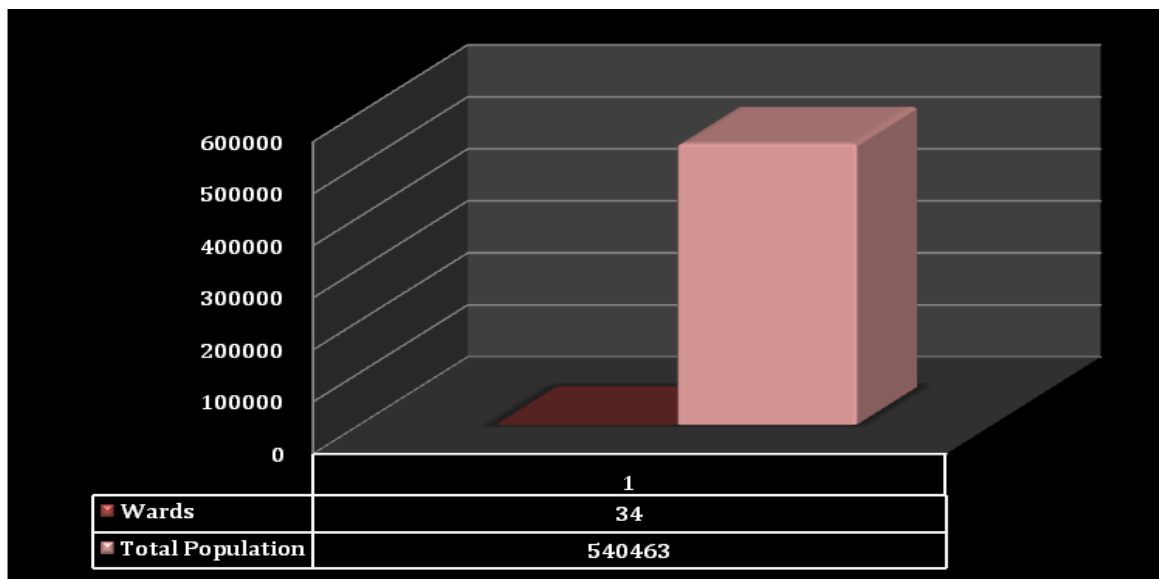
#### 2.2.1.1. POPULATION DEMOGRAPHICS

		Race (%)					Gender (%)		Marital Status (%)		Literacy (%)
Ward	Population	African	Coloured	Indian	White	Other	Male	Female	Unmarried	Married	Illiterate
1	7449	99.1	0	0	0	0.9	45.7	54.2	50.8	39.3	20
2	13576	98.9	0.1	0.1	0	1	44.8	55.2	52.7	37.9	19.4
3	30786	99.2	0.1	0	0	0.7	45.2	54.8	50.8	37.8	17.7
4	13331	98.7	0	0.1	0.1	1.2	45.4	54.5	52.7	36.7	20.6
5	18465	99	0.1	0	0	0.9	45.3	54.6	52.2	32.8	17.1
6	18177	98.6	0.5	0.1	0	0.8	45.4	54.6	53.9	34.2	21.3
7	21882	98.5	0.1	0	0.1	1.3	45.4	54.6	53	34.9	20
8	14928	98.7	0.2	0	0	1.1	46.4	53.6	54.3	35.6	15.6
9	15696	98.7	0.1	0	0	1.2	45.4	54.6	50.2	36.8	16.1
10	12672	99.1	0.2	0	0	0.7	45.7	54.2	53.7	35.6	17.9
11	11103	99.3	0.2	0	0	0.5	46	54	47.3	37.9	17.2
12	15855	99.2	0.1	0	0	0.7	45.9	54.1	49.8	38	22.6
13	10476	99.8	0.1	0	0	0.2	45	55	46.3	38.7	20.7
14	22241	99.6	0.1	0	0	0.4	46.1	53.8	46.5	38.7	22
15	27531	99.7	0	0	0	0.3	45.2	54.8	46	42.3	24.5
16	15390	99.8	0	0	0	0.2	45.2	54.7	48	38	22.6
17	19882	99.9	0	0	0	0.1	45.2	54.7	47.7	38.4	19.7
18	13329	99.7	0.1	0	0	0.2	46.6	53.3	50.4	39.2	19.9
19	12569	99.5	0.1	0	0	0.4	45.2	54.8	50.8	39.5	19.3
20	20700	99.2	0.1	0	0	0.7	46.3	53.7	49.5	38.8	20
21	8592	98.7	0.1	0	0.1	1	44.9	55	46.7	31.9	17.8
22	15234	99.5	0	0	0	0.5	45.2	54.9	47.4	40.1	15.5
23	17731	99.6	0	0	0	0.4	45.7	54.3	50.3	36.9	20.4
24	16902	99.4	0.1	0	0	0.5	45.5	54.5	46.9	39.3	18.2
25	16467	99.1	0.1	0	0.3	0.4	46.2	53.8	55	33.7	19.4

		Race (%)					Gender (%)		Marital Status (%)		Literacy (%)
26	14027	99	0.4	0.2	0	0.4	45.8	54.2	52.8	34.5	21.6
27	13514	98.3	0.3	0	0	1.3	45.4	54.6	67.8	44.7	28.4
28	25285	99	0.2	0	0.1	0.6	45.6	54.4	48.3	38.3	20.4
29	33	100	0	0	0	0	69.7	30.3	0	0	27.3
30	17622	99.5	0.2	0	0	0.4	44.8	55.2	48.1	42.8	22.8
31	20687	99.7	0	0	0	0.3	44.1	55.9	46	38.6	26.1
32	15711	99.6	0.1	0	0	0.3	44.1	55.8	42.5	42.3	23.2
33	1665	100	0	0	0	0	45.6	54.4	44	54.5	9.8
34	20955	99.7	0	0	0	0.2	45.6	54.4	45.4	41.5	20.3

Source-Stats SA

### 2.2.1.2. POPULATION SUMMARY



**2.2.1.3. AGE VERSUS EMPLOYMENT DEMOGRAPHICS**

		Age (%)				Employment Status (%)	
Ward	Population	Children	Youth	Middle Age	Elderly	Employed	Unemployed
1	7,449.0	40.7	37.3	17.7	3.5	42.8	57.2
2	13,576.0	41.4	37.4	16.7	4	42.8	57.2
3	30,786.0	37.6	40.1	17.2	4.2	44.8	55.2
4	13,331.0	41.7	36.4	16.3	5	36.8	63.2
5	18,465.0	41.3	36.6	17	4.7	43.3	56.7
6	18,177.0	39	37.2	17.1	4.8	41.1	58.9
7	21,882.0	40	36.8	17	5.3	44.6	55.4
8	14,928.0	39.6	37.5	17.3	4.6	49.5	50.5
9	15,696.0	41.1	36.4	17.7	4	53.4	46.6
10	12,672.0	39.6	37.2	17.6	4	52.3	47.7
11	11,103.0	42	35.7	17.8	3.7	46.9	53.1
12	15,855.0	44.7	34.4	16	4.2	43.5	56.5
13	10,476.0	39	39	16.6	5.2	46.5	53.5
14	22,241.0	37.5	40.7	15.1	6.2	48.4	51.6
15	27,531.0	46.2	34.4	14.4	4.4	34.6	65.4
16	15,390.0	43.9	35.6	14.9	5.2	36.4	63.6
17	19,882.0	45.2	34.1	14.2	5.3	33.7	66.3
18	13,329.0	37.4	38.7	18.4	4.6	46.9	53.1
19	12,569.0	44.1	32.5	15.1	5	48.9	51.1
20	20,700.0	40.5	38	15.6	4.6	46.5	53.5
21	8,592.0	39.1	37.7	17.3	5.2	62	38
22	15,234.0	45	34.9	14.8	4.4	51.6	48.4
23	17,731.0	43.5	36.1	13.9	5.5	39.1	60.9
24	16,902.0	48.2	32.4	13.9	4.7	47.9	52.1
25	16,467.0	42.5	35.4	16.4	5	44.3	55.7
26	14,027.0	39.4	38.8	16.5	4.5	43.3	56.7
27	13,514.0	33.6	27.2	12.9	3.5	39.2	60.8
28	25,285.0	40.7	36.6	15.9	5.4	51.3	48.7
29	33	0	33.3	48.5	3	88.2	11.8
30	17,622.0	47.4	31.6	14.2	4.5	57	43
31	20,687.0	46.8	31.9	14.4	4.8	47	53
32	15,711.0	48.8	32.3	14	4	49.7	50.3
33	1,665.0	40.4	35.8	16.7	2.8	78.1	21.9
34	20,955.0	44.3	34.5	15.6	4.5	51.3	48.7

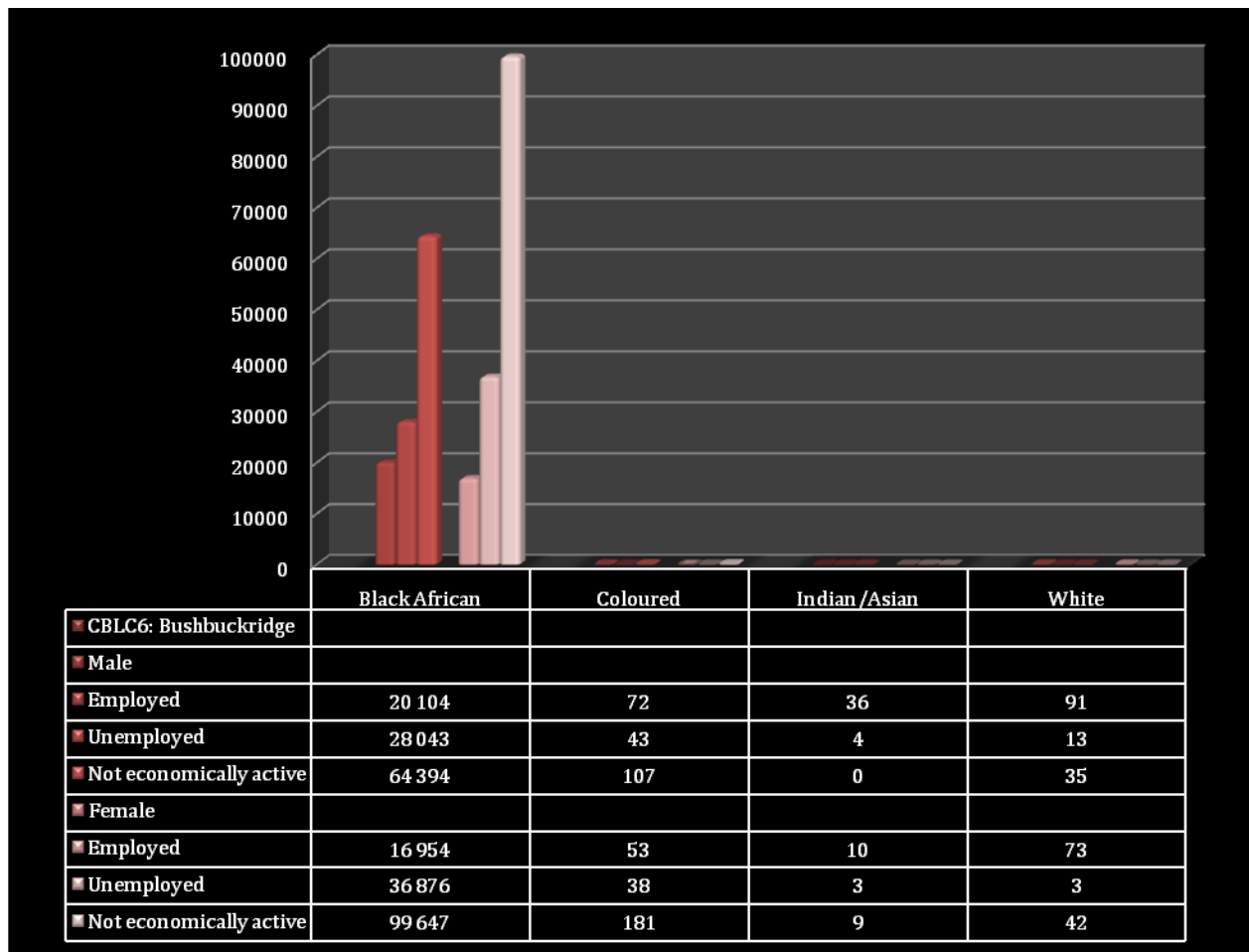
Source-Stats SA

**2.2.1.4. LANGUAGE PROFILE**

First Home Language (%)												
Ward	IsiNdebele	IsiXhosa	IsiZulu	Sepedi	Sesotho	Setswana	Siswati	Tshivenda	Xitsonga	Afrikaans	English	Other
1	0	0.1	0.3	65	16.3	0	0.5	0.1	16.5	0	0	0.2
2	0.1	0	0.4	68.8	9.4	0	0.8	0.1	19.2	0.1	0	0.1
3	0	0	0.9	51.3	2	0.1	0.5	0.1	43.9	0	0	0.1
4	0	0	2.3	72.5	5.4	0	2.5	0.1	16.2	0	0	0.2
5	0	0	4.5	63.7	2.3	0.1	4.8	0.3	23.4	0	0	0.1
6	0.1	0	8.3	58.9	1.9	0.3	8.4	0.1	20.8	0	0.3	0.2
7	0	0	6.7	56.9	1	0.1	10.3	0.4	23.5	0.1	0	0.1
8	0	0.1	7.4	65.5	1.1	0.4	11.6	0	12	0.1	0	0.1
9	0	0.1	3.9	58.8	2.5	0.1	3.3	0.2	29.7	0	0.2	0.2
10	0	0.2	9.7	52.9	3.2	0.1	14.7	0.1	18.5	0	0.1	0
11	0.1	0.1	6.3	57.4	4.8	0	4.7	0.1	25	0.2	0.2	0.1
12	0.1	0	3.2	74.8	0.4	0.1	2.2	0.1	18.2	0	0	0.1
13	0	0	0.6	28.8	1.7	0.1	0.9	0.1	67.1	0	0	0
14	0	0	0.4	6.5	3.9	0	0.9	0	87.5	0	0	0.1
15	0	0	0.5	5.4	2.1	0.1	0.5	0	90.7	0	0	0.1
16	0	0	0.6	6.2	2.6	0.1	0.9	0	88.6	0	0	0.1
17	0.1	0.7	0.2	3.2	3.2	0.1	1	0	90.9	0	0	0
18	0.1	0	5	57.2	2.3	0.1	6.5	0.7	27.6	0	0	0
19	0	0.3	3.5	3.9	4.8	0.1	10.2	0.1	76.7	0	0.1	0
20	0	0	1.2	7.7	5.8	0	1.8	0.1	82.1	0	0	0.1
21	0.1	0	1.8	1.7	0.5	0	1.3	0.1	93.9	0	0.2	0.2
22	0	0.1	0.4	0.4	0.7	0.1	0.6	0	97	0	0	0
23	0	0	0.3	6.5	2.2	0	0.6	0	88.8	0	0.1	0
24	0	0	0.2	1.1	0.1	0	0.3	0	97.6	0	0	0.1
25	0.1	0.1	15.4	31.1	2.1	0	22.8	0	26.3	0.3	0.1	1.1
26	0.1	0	15.2	15.5	3.8	0	25.5	0	38.3	0	0.2	0.1
27	0	0	17	28.3	3.4	0	27.8	0	21.8	0	0.2	0.2
28	0.1	0.1	6.2	3.6	5.4	0.1	29.9	0.2	53.5	0.1	0	0.1
29	0	0	0	54.5	0	0	6.1	0	39.4	0	0	0
30	0	0.1	0.1	0.3	0.4	0	0.1	0	98.1	0	0	0.1
31	0	0.1	0.8	0.3	1.7	0	1.2	0	95.4	0	0	0.1
32	0	0.1	0.9	0.5	0.7	0	10.6	0.1	86.7	0	0	0.1
33	0	0	4.4	1.9	1.6	0.9	21.7	0	69.1	0	0	0
34	0	0.3	2.6	1.9	1.8	0	18.9	0.1	73.6	0	0	0.1

Source-Stats SA

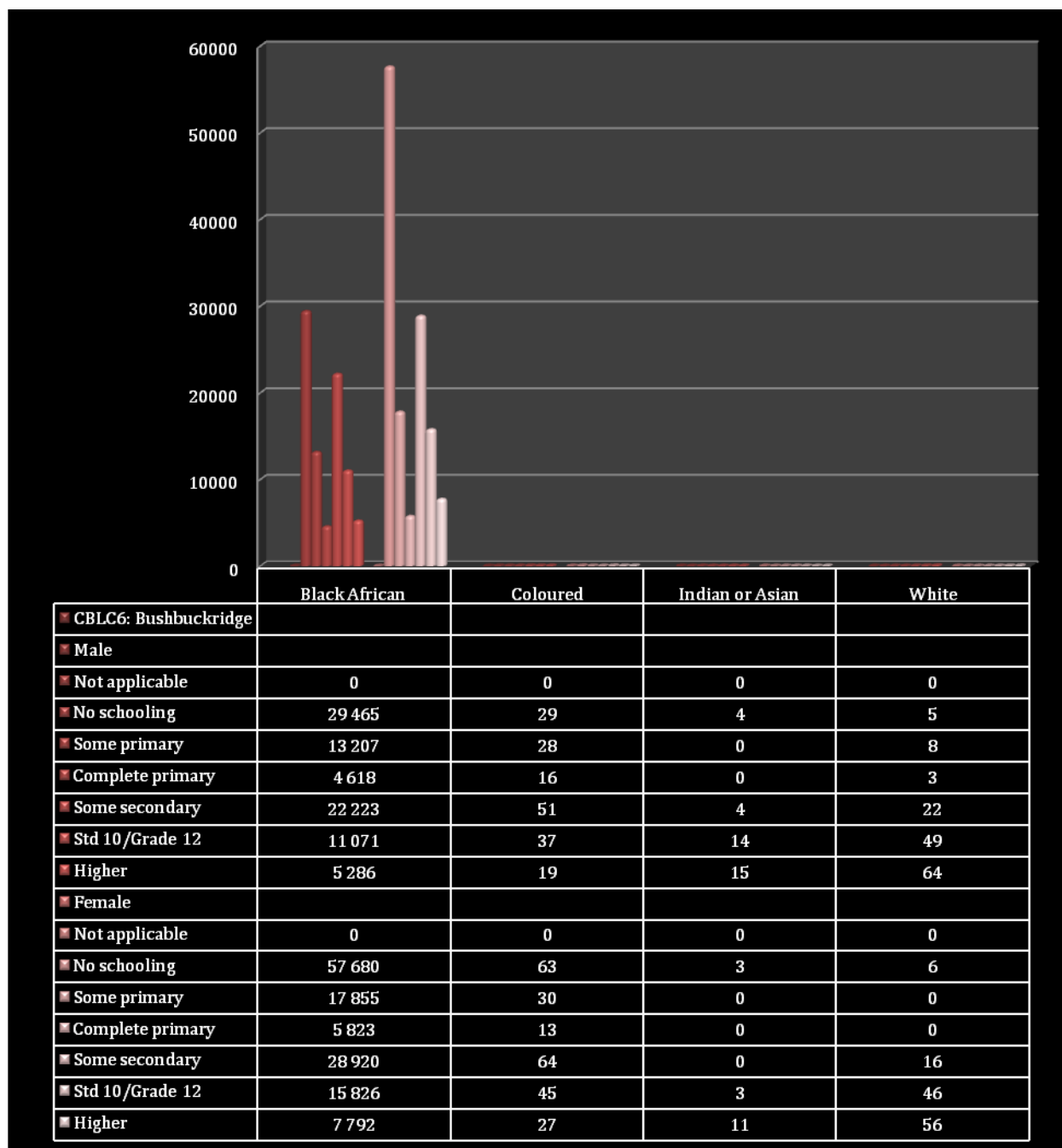
### 2.2.1.5. BLM, GENDER, EMPLOYMENT STATUS (OFFICIAL DEFINITION) AND POPULATION GROUP



Source-Stats SA



### 2.2.1.6. GENDER, EDUCATION LEVEL RECODE (DERIVED) AND POPULATION GROUP



## SECTION 3

### 3. BUILDING BLOCKS OF PMS

#### 3.1. INTRODUCTION

This section of the report presents and highlights the Performance Management System adopted and customised for Bushbuckridge Local Municipality with a primary aim of streamlining service delivery mechanisms and ensuring continuous improvement processes and innovation

#### 3.2. BUILDING BLOCKS OF BPMS:

**The BPMS is built on the following two pillars:**

- A framework that explains how this municipality goes about working with performance information
- A model that explains what aspects of performance are measured and managed

The Bushbuckridge Performance Management Policy Framework was adopted by the Council in June 2007 and was revised by a Council Resolution in March 2009.

The Balanced Scorecard (BSC) Model, which is the model of choice of the Municipality, was adopted in 2007. The philosophy of the BSC Model underpinned the development of municipal scorecard and is consistent with the Municipal Systems Act regarding the identification and setting of Key Performance Areas (KPA's), indicators and targets. The KPA's also reflect the developmental goals of the Municipality.

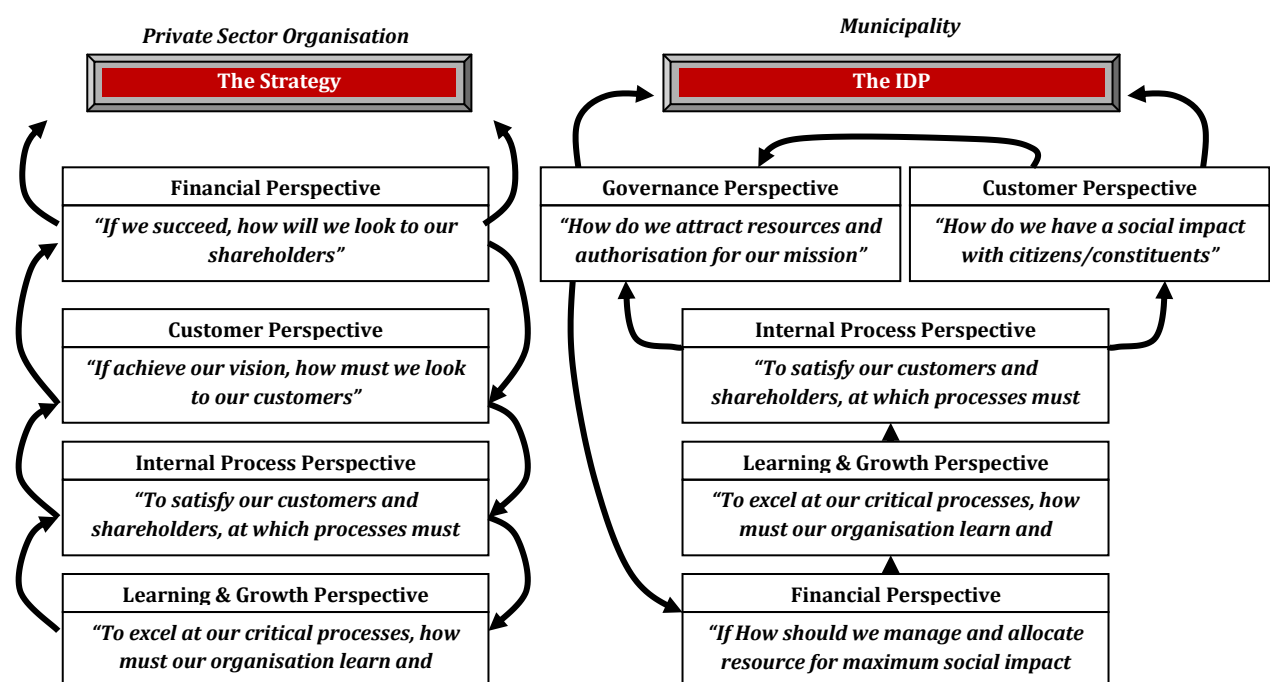
As a prescriptive framework for a two- to five-year period, the Municipality's BSC has to be adapted to changing circumstances, thereby catering for a level of growth and flexibility. The BSC attempts to link, vertically and horizontally, the KPA's and targets that, on the one hand, collectively describe the strategy, vision and priorities of the Municipality and, on the other, measure the performance of the strategy by means of the KPA's and their linked targets (and indicators) to approved portions of the budget.

The Municipality's BSC contains the critical drivers of success that apply to the whole organisation and reflect the interests of stakeholders and clients. It starts with the strategy and examines:

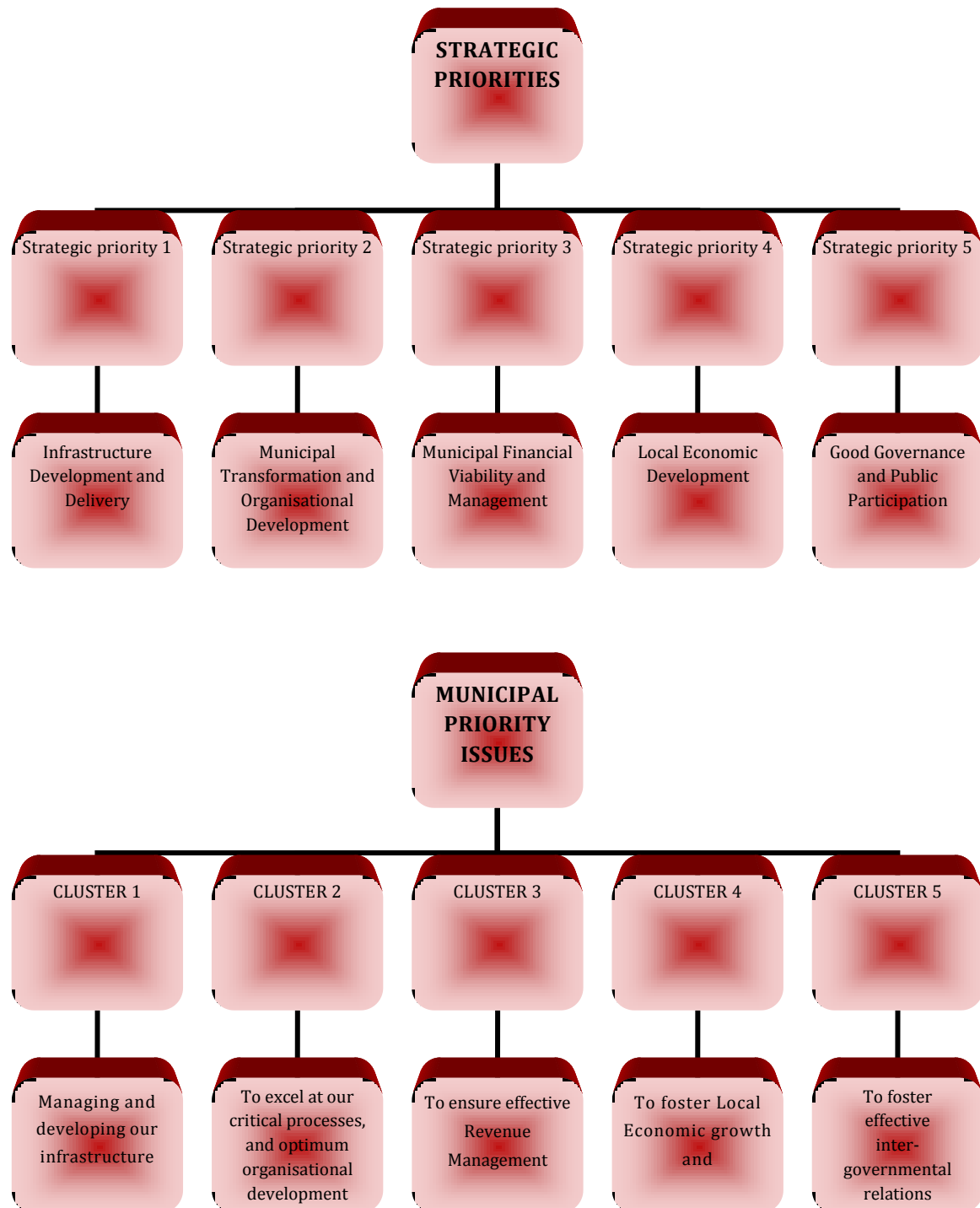
- Financial requirements,
- Service delivery needs,
- Internal business processes and
- Learning and growth enablers

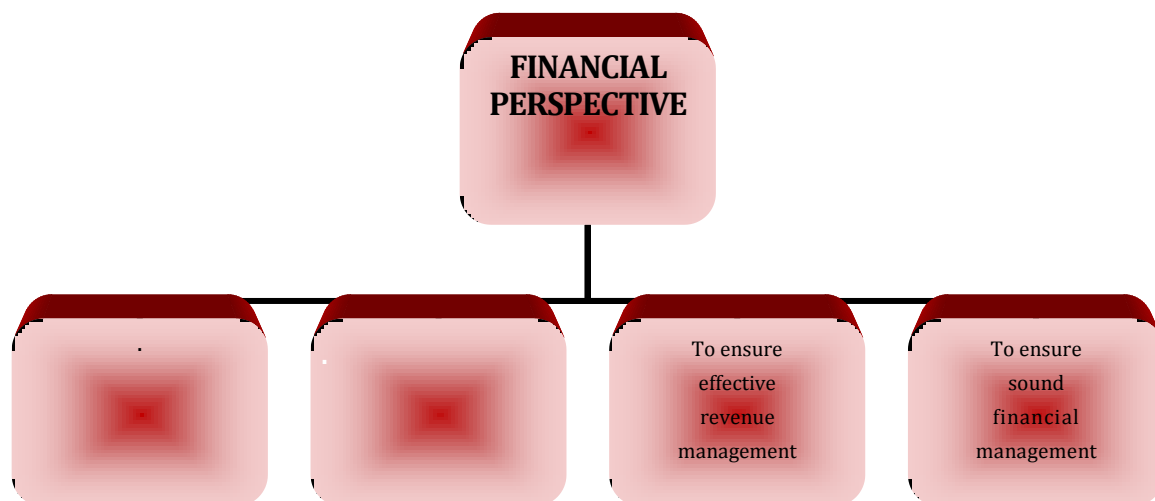
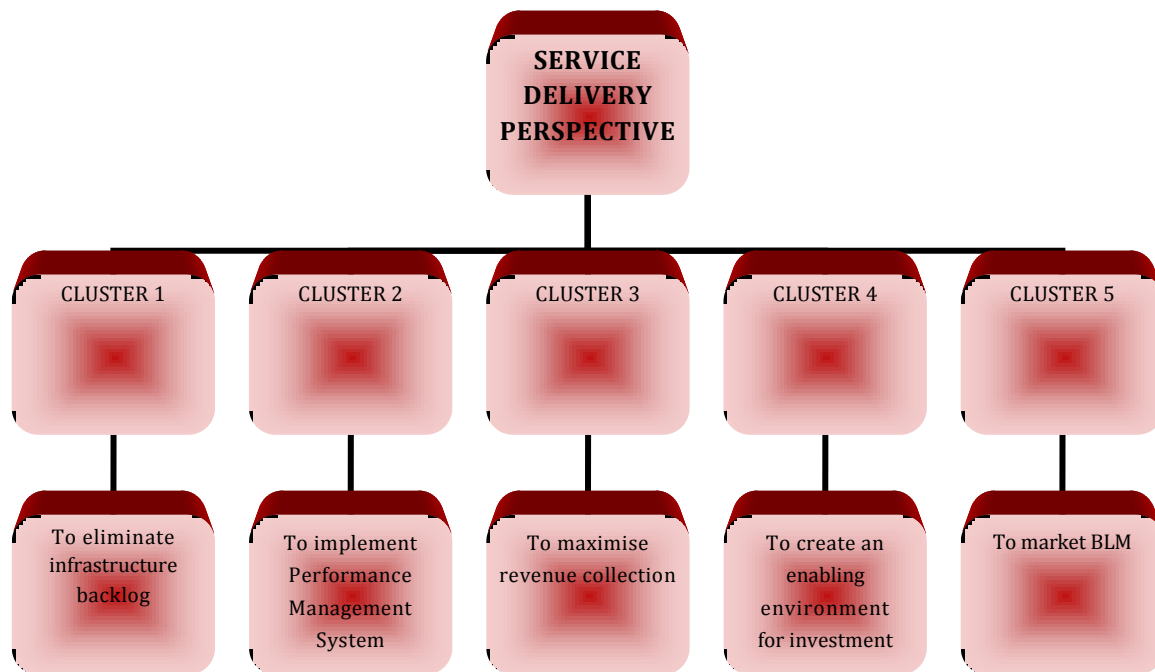
It forces a focused debate about the performance of the key drivers of success, thereby facilitating the realisation of the organisation's strategy and vision. The figure below presents four perspectives of the of the Balance Scorecard model which represent the different facets of the organisation linked together by cause and effect

### 3.3. BALANCE SCORECARD MODEL

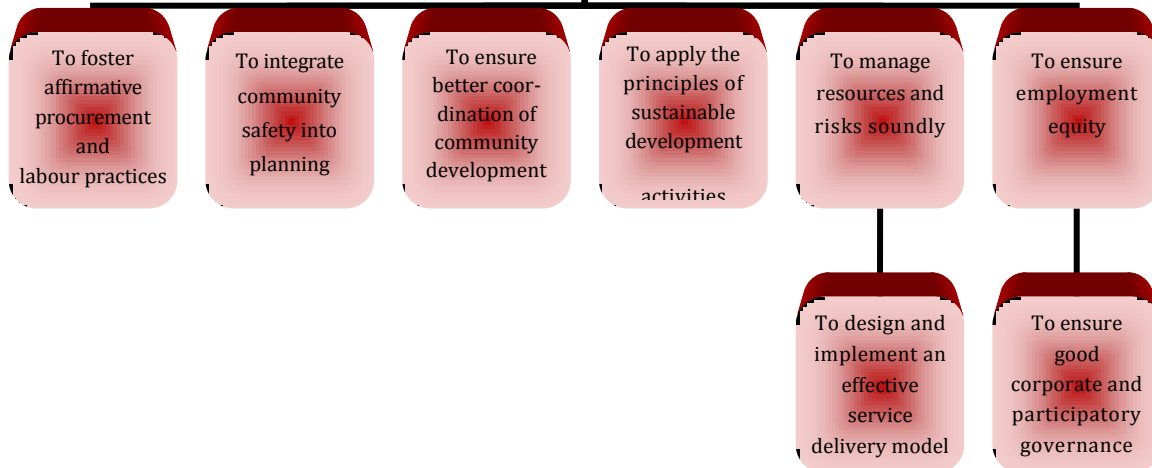


### 3.4. STRATEGY MAPPING AND EXECUTION PROCESSES

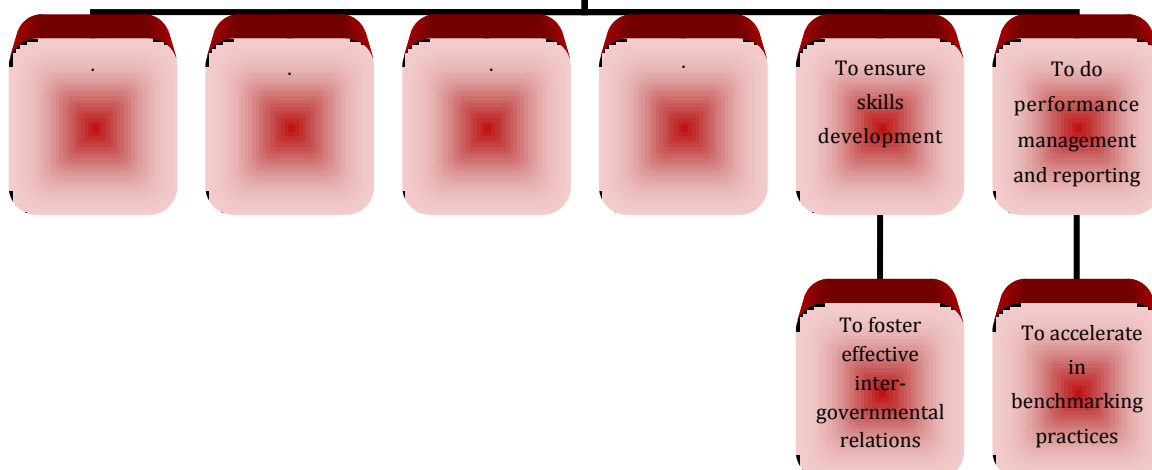




### INTERNAL BUSINESS PROCESSES PERSPECTIVE



### LEARNING AND GROWTH PERSPECTIVE



### 3.4.1. MISSION STATEMENT

Bushbuckridge Local Municipality strives for developmental and prosperous life for all.

### 3.4.2. VISION STATEMENT

Through accountability, transparency and responsible governance, the municipality commits itself to provide affordable and sustainable services by enhancing community participation

### 3.4.3. CORE VALUES

- Accountability
- Transparency
- Responsible governance
- Efficient service delivery

## 3.5. METHODOLOGY:

The assimilation of measurement data was done in accordance with the following requirements:

- Measurement of performance in the 2008/2009 financial year against performance in the 2007/2008 financial year and planning for performance in the 2008/2009 financial year
- Measurement of performance against all set KPIs
- Measurement of all budget items reflected in the IDP document
- Identification of municipal KPA's
- Identification of KPIs for each of the KPA's, calculation of the baseline information of each and the linking up of each to the planned performance targets and the approved/adjusted capital budget
- Calculation of the target reached and any deviation in respect of performance

All the projects that are reflected in the IDP document were linked up to the KPA of primary impact and the departmental KPA. In instances where appropriate departmental KPA's were not available, departments were assisted in creating them. The groupings of projects that link up to a departmental KPA were analysed in terms of the 1-5 rating scale as tabulated below:

Level	Terminology	Description	Rating				
			1.	2.	3.	4.	5.
5	Outstanding performance	Performance far exceeds the standard expected of an employee at this level. The appraisal indicates that the Employee has achieved above fully effective results against all performance criteria and indicators as specified in the Performance Compact and maintained this in all areas of responsibility throughout the year.					
4	Performance significantly above expectations	Performance is significantly higher than the standard expected in the job. The appraisal indicates that the Employee has achieved above fully effective results against more than half of the performance criteria and indicators and fully achieved all others throughout the year					
3	Fully effective	Performance fully meets the standards expected in all areas of the job. The appraisal indicates that the Employee has fully achieved effective results against all significant performance criteria and indicators as specified in the Performance Compact.					
2	Not fully effective	Performance is below the standard required for the job in key areas. Performance meets some of the standards expected for the job. The review/assessment indicates that the employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the Performance Compact.					
1	Unacceptable performance	Performance does not meet the standard expected for the job. The review/assessment indicates that the employee has achieved below fully effective results against almost all of the performance criteria and indicators as specified in the PA and Performance Plan. The employee has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement.					

Considering the stage of PMS implementation, it was not advisable to introduce a software package for performance management (automation). All calculations and roll-ups were therefore done by means of Excel spreadsheets. This has proved to be a time-consuming and tedious process.

Project execution was measured by identifying milestones for each project and assigning weights to each milestone, adding up to 100%. The criterion used to estimate the weights was, in most cases, an estimate of the strategic value of the milestone to the total project (in some cases time frames were also taken into consideration).

All projects were measured over a multi-year period (where applicable), with the result that the year-end target reached became the baseline for the next year. However, during the roll-up process, the average year-end target of the previous year was no longer the same as the average baseline figure for the next year. This is due to the fact that the active number of projects running from one year to the next differs

All projects were measured over a multi-year period (where applicable), with the result that the year- end target reached became the baseline for the next year. However, during the roll-up process, the average year-end target of the previous year was no longer the same as the average baseline figure for the next year. This is due to the fact that the active number of projects running from one year to the next differs

Note: Information on the design of milestones for each project can be supplied electronically by the PMU.



Table below illustrates this occurrence – the year-end target for the 2008/09 financial year (71%) is no longer the same as the baseline figure for the next financial year (62%).

KPA		FY2007/8				FY2008/9			
Project	Indicator	Baseline	Planned target	Reached target	Deviation	Baseline	Planned target	Reached target	Deviation
1	Percentage of project execution completed	5%	80%	80%	0%	80%	90%	84%	-6%
2		2%	70%	70%	0%	70%	80%	80%	0%
3		0%	35%	35%	0%	35%	100%	80%	-20%
4		5%	50%	100%	+50%				
Rolled-up figures		3%	59%	71%	+13%	62%	90%	81%	-9%

The objectives were measured in terms of two output indicators, where possible, and the input indicator. The first output indicator measures, for example, the percentage of the backlog being addressed over a period of more than one year and the second the percentage of the project executed. The analyses set out in the reflect four broad groupings of measurements:

- The shortfall in the addressing of a backlog or the attaining of a standard over a period of more than one year
- The two output indicators played off against each other, where possible a summarised (rolled-up) analysis of all the projects related to Municipal Strategy KPA
- The percentage of the budget spent during the 2008/09 financial year

The figure below illustrate all measurements are reflected accumulatively

KPA	FY 2006/2007				FY 2007/2008				FY 2008/2009		
	KPI		Target		KPI		Target		KPI		
To eradicate the electricity backlog in at least 30 PDAs within the next five years	Accumulative number of PDAs receiving electricity	6	9	9	Accumulative number of PDAs receiving electricity	9	12	12	Accumulative number of PDAs receiving electricity	12	15

**The indicators for backlogs are, for example, the following:**

- Accumulative number of households with below-basic water supply services
- Accumulative number of households with access to basic water supply services
- Accumulative number of households with below-basic sanitation, i.e. not even a ventilated improved pit latrine (VIP)
- Accumulative number of households with basic sanitation, i.e. a VIP on the stand
- Accumulative number of previously disadvantaged areas (PDAs) receiving electricity
- Accumulative number of new connections
- Accumulative number of households receiving 50 kWh of free electricity (including the indigent group)
- Accumulative number of households receiving 6 kl of free water
- Accumulative number of major drainage systems constructed
- Accumulative number of kilometres of gravel road converted to asphalt road
- Accumulative number of new library facilities completed
- Accumulative number of new sports facilities completed
- Accumulative number of facilities upgraded
- Accumulative number of service points
- Accumulative number of low-cost residential stands provided with a basic level of water service
- Accumulative number of low-cost residential stands provided with a basic level of sanitation
- Accumulative number of cemeteries for the PDAs
- Accumulative number of low-cost houses built
- Accumulative number of family units completed
- Accumulative number of the forty-five parks to be developed
- Accumulative number of major projects concluded

### **3.6. CONSTRAINTS EXPERIENCED**

The compilation of this report was hampered by the following interventions, which ran concurrently with the report's compilation and which were given top priority:

### **3.7. DEVELOPMENT OF BLM STRATEGY KPA'S**

During the initial design of the IDP, the municipal priority issues were not converted through a strategic process into BLM Strategy KPA's. This meant that they could not be cascaded and be converted to departmental/divisional KPA's that could subsequently be linked up to capital projects. The gap was overpassed through the engagement of external service provider to facilitate the design of the municipal Scorecard. This would, however, unfortunately create another gap because of the unlinking of the already linked IDP-PMS budgeting processes through the performance management process.

### **3.8. DEVELOPMENT OF STRATEGIC AND OPERATIONAL BUSINESS PLANS FOR THE 2008/2009**

When these plans were being developed, new templates were designed and introduced to accommodate the philosophy of long-term strategic planning. New indicators were also identified, and this gave rise in essence to a new set of measurement data.

As regards the response of departments to each and every request issued from the PMS Unit Manager, most departments only responded after the deadlines and in most cases only after an enquiry by the Office of the Municipal Manager.

### 3.9. THE PERFORMANCE MANAGEMENT PROCESS APPLIED IN TERMS OF LEGISLATION

#### 3.9.1. PHILOSOPHY UNDERLYING PERFORMANCE MANAGEMENT SYSTEM

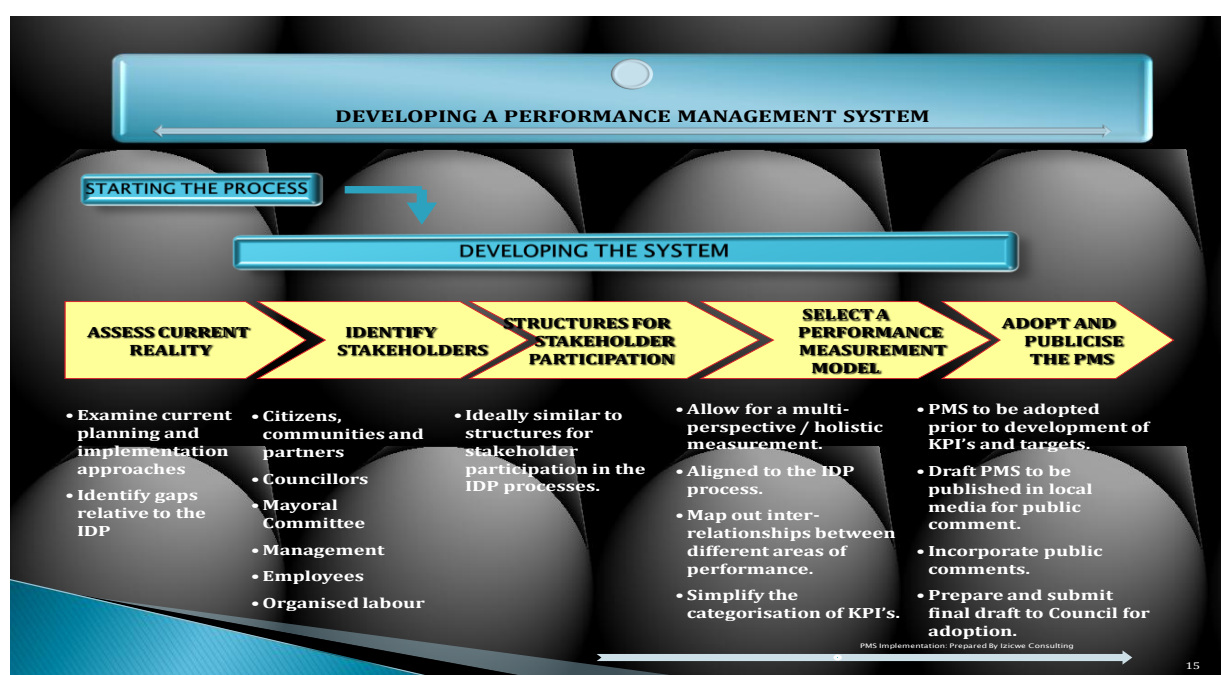
Performance Management is regarded as a communication process that helps managers provide a motivating climate to assist employees in developing and achieving high standards of performance.

In essence PMS is designed to ensure that Bushbuckridge Local Municipality delivers its mandate as stated in the IDP document. The following have been identified as strategic priorities for visible service delivery in the municipality:

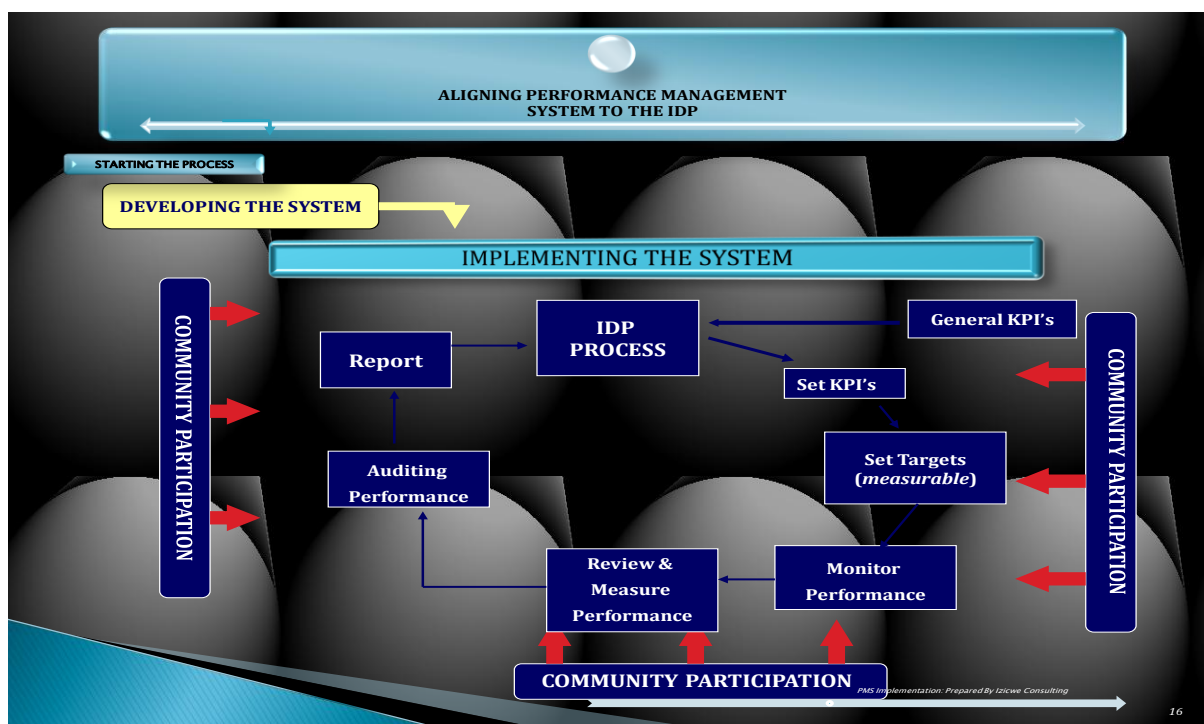
- Provide basic infrastructure for the Bushbuckridge community, (Water, Sanitation, Roads , and Electricity)
- Economic Development and job creation
- Service delivery excellence
- Good governance , customer care and Batho Pele mandate
- Promote Tourism as key driver of the municipality

BLM recognises that service delivery is the key desired outcome in enhancing, and ensuring the integrity of the Municipality is kept abreast.

##### 3.9.1.1. PERFORMANCE MANAGEMENT PROCESS



### 3.9.1.2. PERFORMANCE MANAGEMENT PROCESS



### 3.10. DEVELOPMENT PLANNING

The Integrated Development Plan (IDP) process and the performance management process are seamlessly integrated. The IDP reflects the commitments that were made towards the community. These commitments provide the basis for the planning stage of performance management.

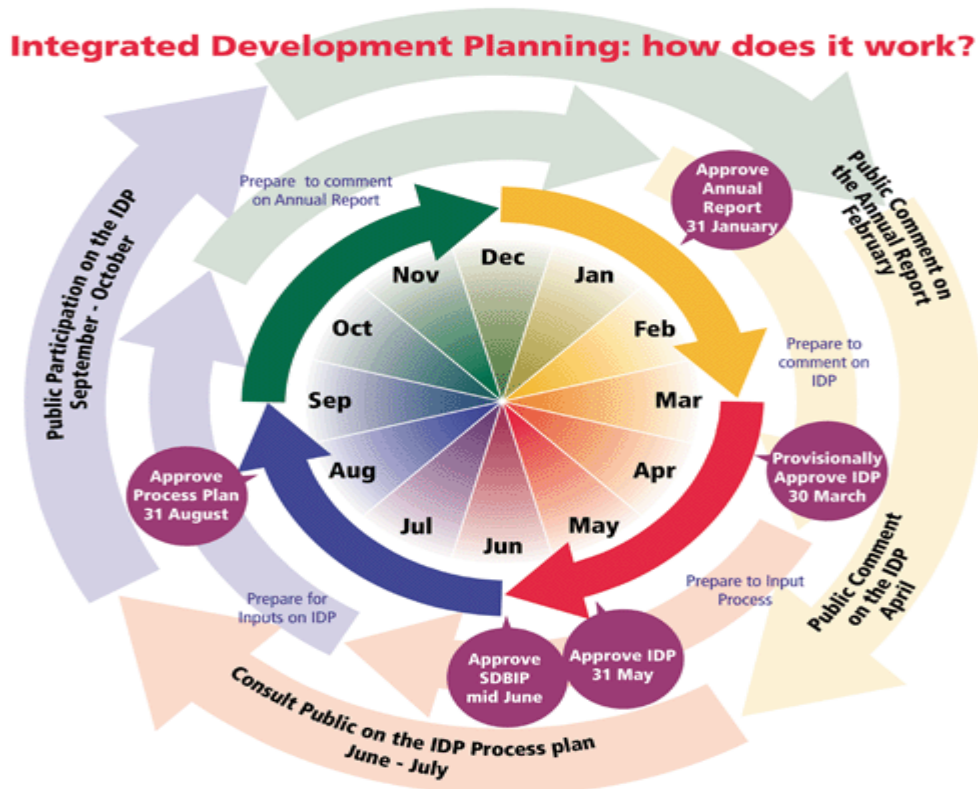
The BPMS ensures that the IDP process is implemented, managed, monitored and evaluated. In terms of Key Performance Indicators, the Municipality is accountable for its expenditure on capital budget items that are reflected in its IDP.

#### 3.10.1. THE IDP PROCESS

The figure below highlights the IDP process adopted by BLM, however it should be noted that the following challenges were experienced in the IDP:

- Inadequate project reporting
- Project monitoring and evaluation
- Project costing and budgeting
- Non-alignment between IDP and SDBIP
- General KPIs not adopted and not in place

Figure: IDP Process



### 3.10.2. IDP PERFORMANCE REPORT MATRIX

IDP PERFORMANCE STATEMENT	YES	NO	REMARKS
IDP approved by Council and implemented	√		
Approved IDP seen as the single, inclusive and strategic plan for the municipality	√		
IDP prepared within set time-frames Is the approved IDP seen as the single, inclusive and strategic plan for the municipality	√		
IDP include All core components (MSA)	√		
community needs prioritised at ward level	√		
SDF approved (date) prior to IDP approval By Council	-	-	-
Were sectoral plans prepared and included in the IDP	√		



## SECTION 4

### 4. SERVICE DELIVERY

#### 4.1. INTRODUCTION

Bushbuckridge Local Municipality has performed reasonably well in delivering basic services to its people. MIG expenditure has increased, although the municipality is still experiencing slow progress. This is in line with the acknowledged challenges right through the country.

Performance Analysis reflects that municipality managed to carry out its mandate by ensuring that the Infrastructure Projects under its directorate as well as operation and maintenance programmes as guided by the IDP were implemented.

This section of the report addresses some of the progress made as well as the challenges experienced and interventions taken by the various spheres of government

The section of this report present the overall performance of the municipality across all the service delivery lines offered by the municipality in terms of the five Key Performance Areas as discussed in the previous section:

- Municipal Transformation and Organisational Development.
- Infrastructure Development and Delivery.
- Local Economic Development (LED).
- Municipal Financial Viability and Management.
- Good Governance and Public Participation.

The assimilation of Performance Measurement data was done in accordance with the outlined methodology as discusses in Section 3 (*Methodology: 3.4*) All the projects that are reflected in the IDP document were linked up to the KPA of primary impact and the departmental KPA. In instances where appropriate departmental KPA's were not available, departments were assisted in creating them

These sections of the report present detailed information of all the services provided by the municipality. The focus is primarily on the extent of service delivery for key functions like

- Electricity,
- Water,
- Sanitation,
- Health etc.

In addition this section of the report will highlights the accumulative number of the following key service delivery items achieved during the financial year

- Number of households electrified during the financial year;
- Number of new households provided with water during the financial year;
- Number of new houses built in the municipality during the financial year;
- Number new households provided with sanitation during the financial year
- Time taken to approve planning applications during the financial year – what number of approvals are outstanding at the beginning of the year, what number was processed during the financial year, and what number was outstanding at the end of the financial year;
- Collection levels for revenue due.
- Key problems and challenges facing the municipality should be outlined.

## 4.2. PROVISION OF BASIC SERVICES

### 4.2.1. SERVICE DELIVERY BASELINE STATUS

Service Delivery						
Ward	Households	Formal Dwellings (%)	Telephone at Home (%)	Electricity (%)	Sanitation (%)	Piped Water to Dwelling (%)
1	1482	91.8	0.9	75.5	0.4	4.4
2	2617	83.4	1	84.3	0.2	6.7
3	6346	78.5	2	19.4	0.8	8.5
4	2633	76.8	0.6	51.7	0.4	9.3
5	3777	80.1	0.8	27.8	0.6	4
6	3790	72.5	0.3	36	0.1	4.7
7	4668	83.8	0.6	12	0.7	6.4
8	3118	74.4	10.2	34.1	4.7	19.1
9	3266	66.9	11.2	28.4	18.1	24.3
10	2638	80.6	3.6	29.8	5	17.2
11	2287	58.2	5	21	2.5	4.5
12	3105	65.5	1.2	23.5	0.6	5.8
13	2391	67.8	3.4	42.7	0.8	8.5
14	5847	67.9	1.1	24.4	0.8	8.4
15	5488	60.3	1.9	18.5	1	6.3
16	3154	61.5	1	9	0.2	11.6
17	3778	62	1.3	15.1	0.8	18.4
18	2973	66	6.1	38.2	5.8	19.7
19	2641	64.1	3.5	61.3	5.8	12.2
20	4347	61.8	2.6	72.3	2.3	13.9
21	1808	80.9	25.4	68.9	69.3	62.9
22	3002	64.9	8.9	31.2	30.7	30.6
23	3917	56.3	1.7	16.5	0.8	14.4
24	3305	58.9	0.4	23.9	0.5	25.4
25	3416	73.8	0.8	11.6	3.5	6.6
26	2718	72.6	1.3	32.9	0.1	4.1
27	2649	72.9	0.3	19.2	0.1	3
28	5510	70.3	1.9	24	1	17.6
29	26	42.3	3.8	76.9	38.5	38.5
30	3487	66.6	1	67.7	1.2	17
31	4157	52.2	0.3	20.5	0.5	15
32	3112	54.5	0.4	68.1	0.2	6.4

Service Delivery						
Ward	Households	Formal Dwellings (%)	Telephone at Home (%)	Electricity (%)	Sanitation (%)	Piped Water to Dwelling (%)
33	373	65.7	30	89.5	62.2	42.9
34	4299	67.1	8.3	56.2	8.4	35.3

### 4.3. PROGRESS

The graphs and tables of information below demonstrate some of the benefit realization of the Province and its municipalities on the MIG programme

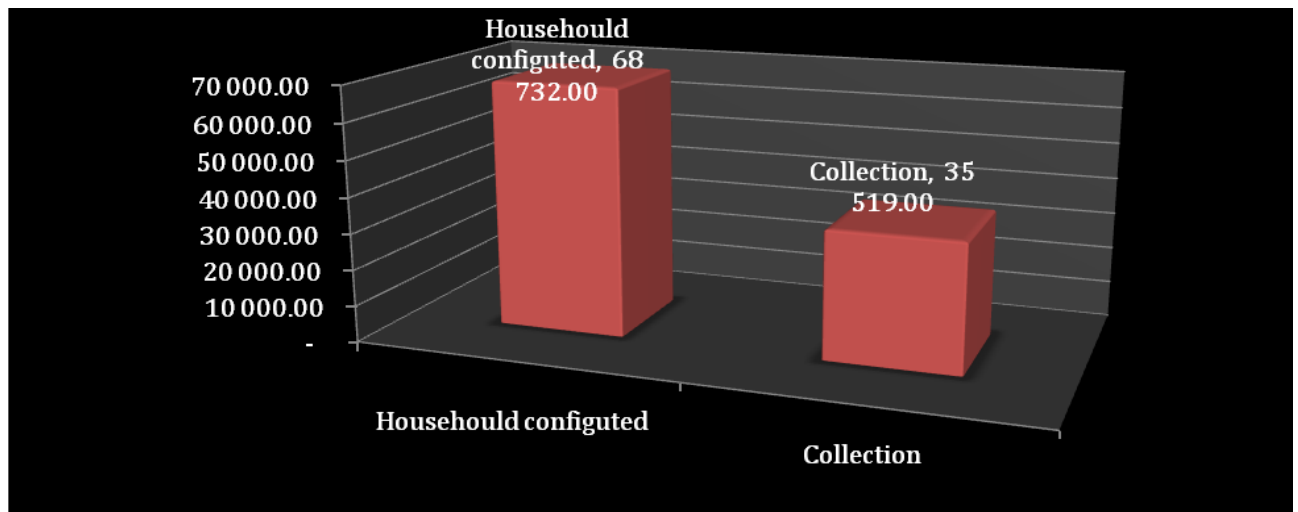
### 4.4. RENDERING OF FREE BASIC SERVICES

### 4.5. MUNICIPAL WORKS

#### 4.5.1. FREE BASIC ELECTRICITY

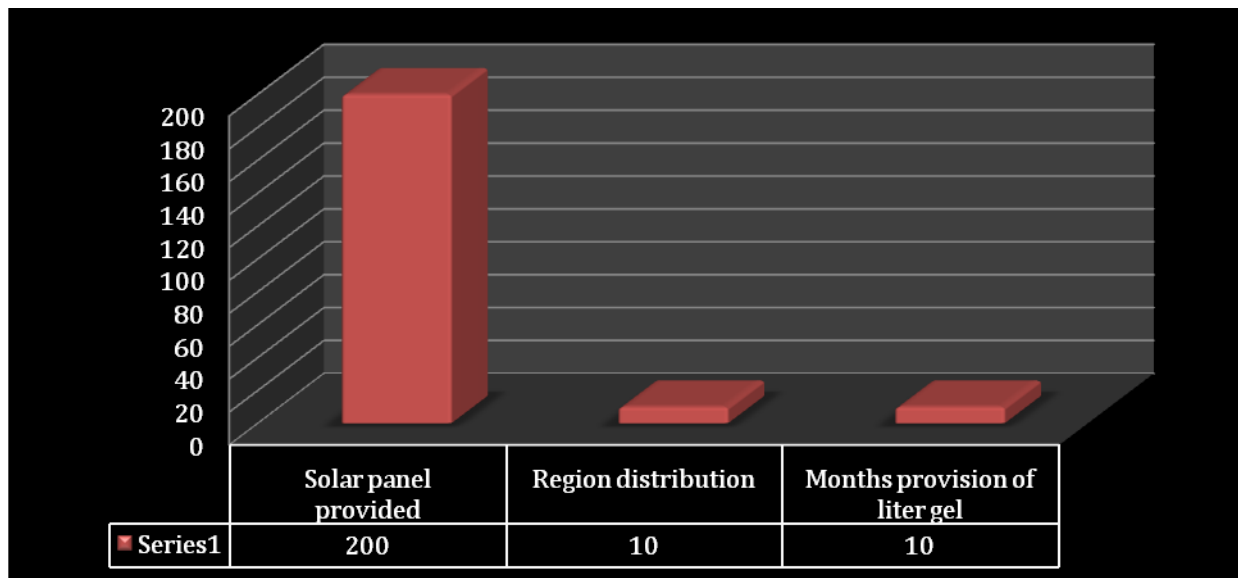
The graph below reflects those individuals configured for free basic electricity who collected tokens:

*Graph – Free Basic Electricity*



As part of implementing government policies, 200 solar panels were provided to those households who are not connected and were distributed to 10 regions as Maviljan is mostly electrified. A total of 36 000 (5 litres) gel were provided to those individual with gel operated stoves provided in 2007 and 2008. The gels were provided monthly for 10 months due to lack of funds. The indigents and those without electricity connection, the Municipality has provided them with alternative Energy as part of implementing government policies

*Graph-Energy Provision*



#### 4.5.2. FREE BASIC REFUSE

Free Basic Refuse is also provided to our rural areas which in the past were not having access to these types of services. The graph below presents the baseline status in terms of Free Basic Refuse

Graph – Free Basic Refuse



### 4.5.3. CAPITAL PROJECTS

Capital projects were implemented through Equitable Share Funding and MIG funds. Performance Analysis indicates that there projects completed successfully and rolled over projects to 2009/2010 financial year

#### 4.5.3.1. ROADS AND STORM WATER

The table below highlights a list of roads and stormwater projects implemented in 2008/09 financial year and their respective project milestone status

PROJECT NAME	CURRENT STATUS		REMARKS
	Not Implemented	Implemented	
Stormwater – Thabakgolo	√		Re-allocation of budget
Craigbun Access Road		√	
Road Markings And Traffic Signs	√		Budgetary Constraint
Hughtington Stormwater		√	
Ga-Mthakathiko To Wales Road		√	
Mkhuhlu Paving Of Streets phase 1		√	
Tarring 1km Access Road – Dwarsloop	√		Rolled- Over
Tarring And Access Road –Maviljan	√		Rolled- Over
Tarring - Shatale To Main Road	√		Rolled-Over
Bushbuckridge CBD Stormwater	√		Annulled



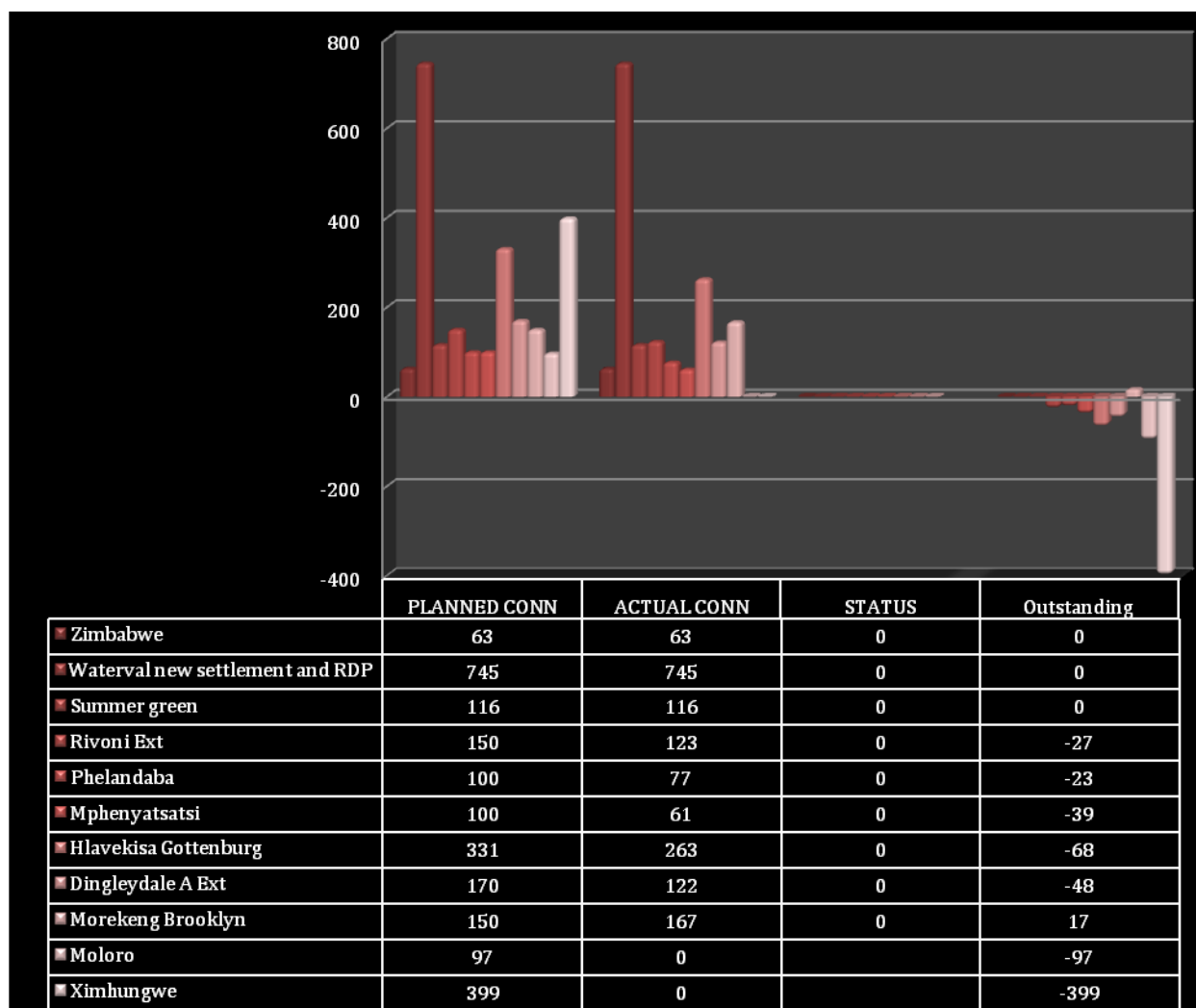
#### 4.5.3.2. PUBLIC AMENITIES PROJECTS

The table below presents a list of public amenities projects for the year 2008/09 and their current status

PROJECT NAME	CURRENT STATUS		REMARKS
	Not Implemented	Implemented	
Construction of Bus shelters , regions: Mkhuhlu, Mariti, Maviljan, Acornhoek	√		Not implemented due to shifting of budget.
Construction of sports Complex: Ximungwe phase 1 ( Pavilion and Embankment)		√	
Construction Casteel of sports Complex phase 2		√	Completed, busy design for phase 2
Construction of Hluvikani sports Complex	√		Not implemented due to shifting of budget.
Disable centre ( Mariti)		√	Rolled-Over
Establish : Taxi ranks ( Mkhuhlu)		√	Completed
Informal trading Markets stalls: Mkhuhlu		√	Completed pending official hand over.
Construction of basketball, Boxing hall, Tennis court and Swimming Pool	√		To be implemented 2010/2011
Construction of athletics tracks: Thulamahashe stadium.	√		To be implemented 2010/2011
Construction of traffic testing station: Mapulaneng (BBR)		√	In progress
construction of Mhala DLTC office and strong room:		√	
Upgrading of sports field: Mariti		√	Completed phase 1
Upgrading of sports field: Dwarsloop		√	Completed phase 1
Development of parks: Timbavati		√	

#### 4.5.3.3. ELECTRICITY PROJECTS

The graph presents electricity projects implemented in the financial year 2008/9 and their respective connection status



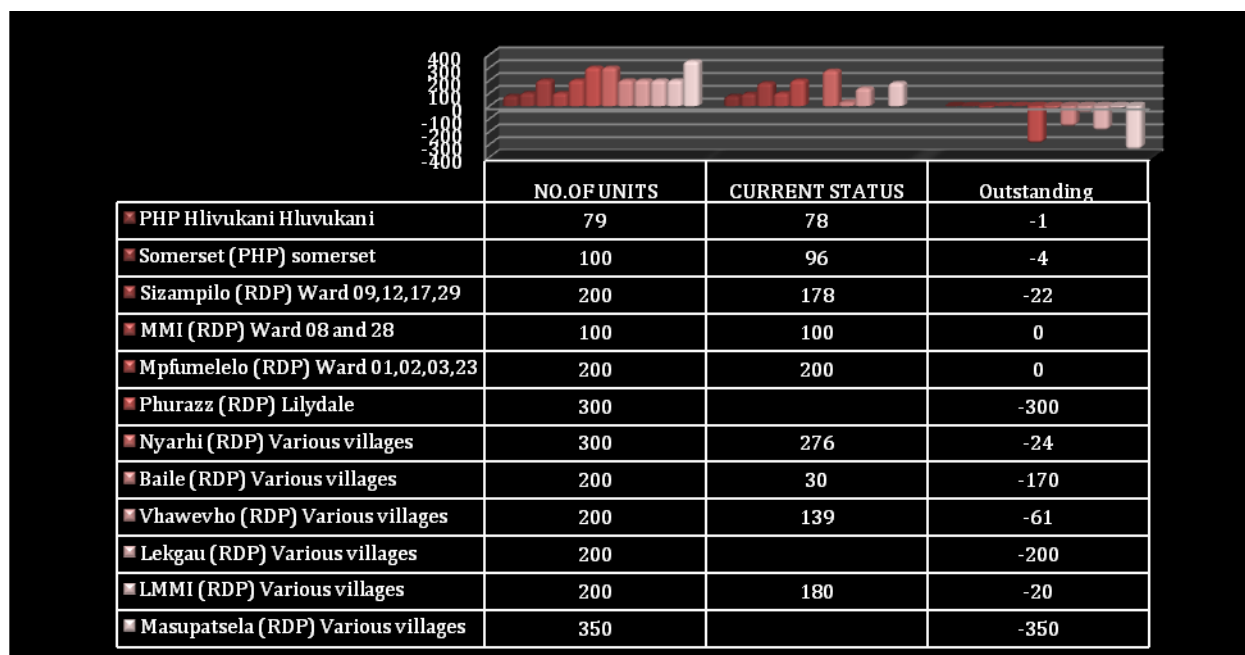
#### Performance Analysis

The outstanding connection will targets will be achieved in the year 2009/10 and the reasons for not achieving the targets are limited to:

Partly implementation and outstanding housing completion status

#### 4.5.3.4. HOUSING PROJECTS

The municipality is responsible for coordination and facilitating for the implementation of houses, the provincial Department of Local Government and Housing was its responsibility and the main focus in the year was to ensure that all uncompleted houses are completed both rural and PHP , and the graph below highlight housing project implemented within the financial year 2008/09



#### Performance Analysis

The under-achievement of set housing targets as reflected in the graph above is attributed to the termination of some contractors

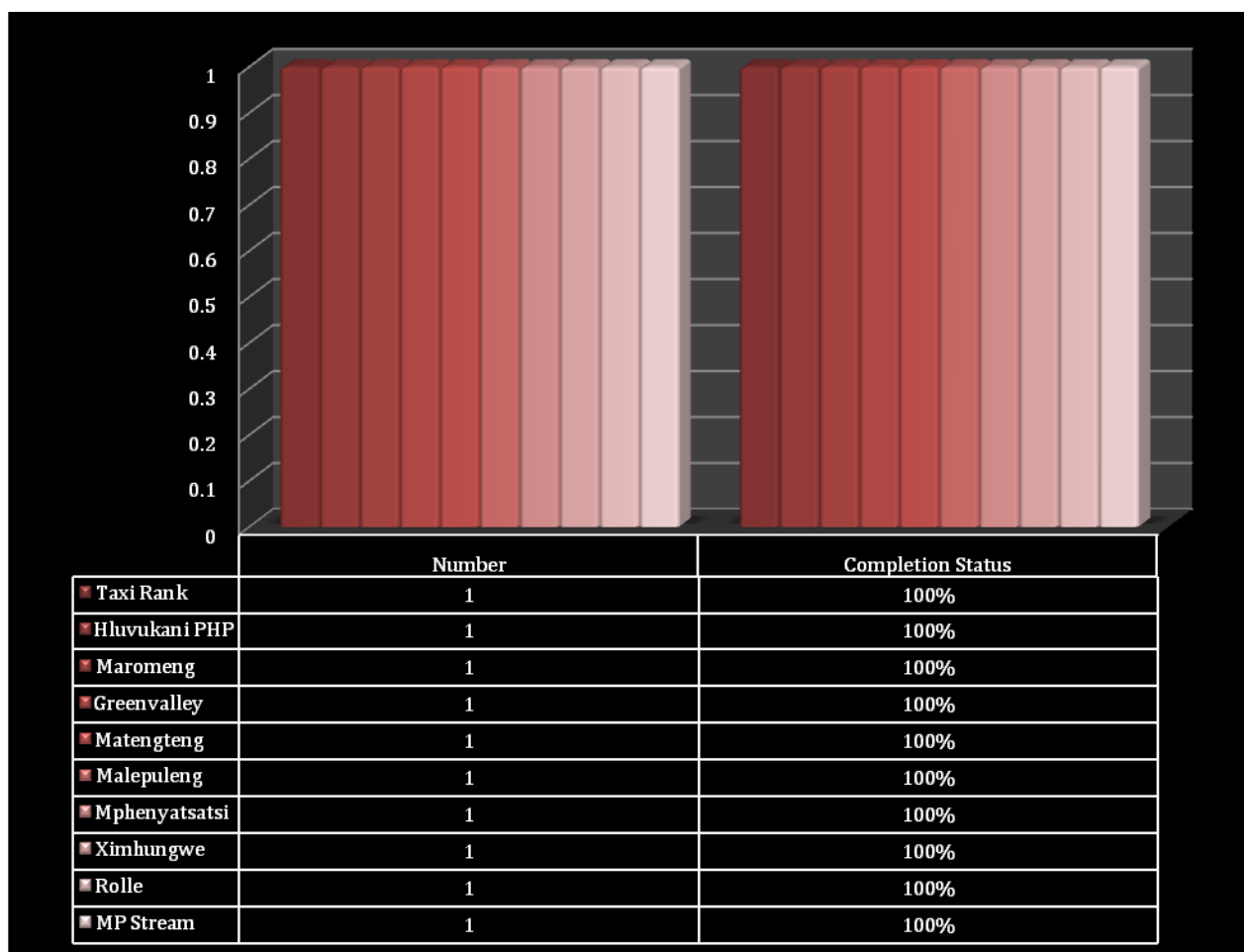
#### 4.5.4. OPERATIONAL ACTIVITIES EXECUTED

##### 4.5.4.1. REGRAVELLING OF ROADS/STREETS

Significant progress made in regard to roads/streets graded in all the regions in line with the rooster priority lists identified by the council

##### 4.5.4.2. PROVISION OF PUBLIC ELECTRICITY

The graph below highlights municipality performance in providing the communities of Bushbuckridge with high mast lights in different regions



#### 4.5.4.3. PROVISION OF GRAVEYARD / CEMETERY

The Municipality is actively involved in the maintenance and provision of cemetery /graveyard only in R293 towns, the rural areas was still under maintenance of tribal authorities.

Town	Rural areas
293	Under the service of Tribal Authorities

#### 4.5.4.4. PUBLIC AMENITIES

This service is facilitated from the directorate for Municipal Works specifically in providing maintenance plans for municipal assets (public amenities) to the regions, with consultation with the directorate for Community Services in terms of budget

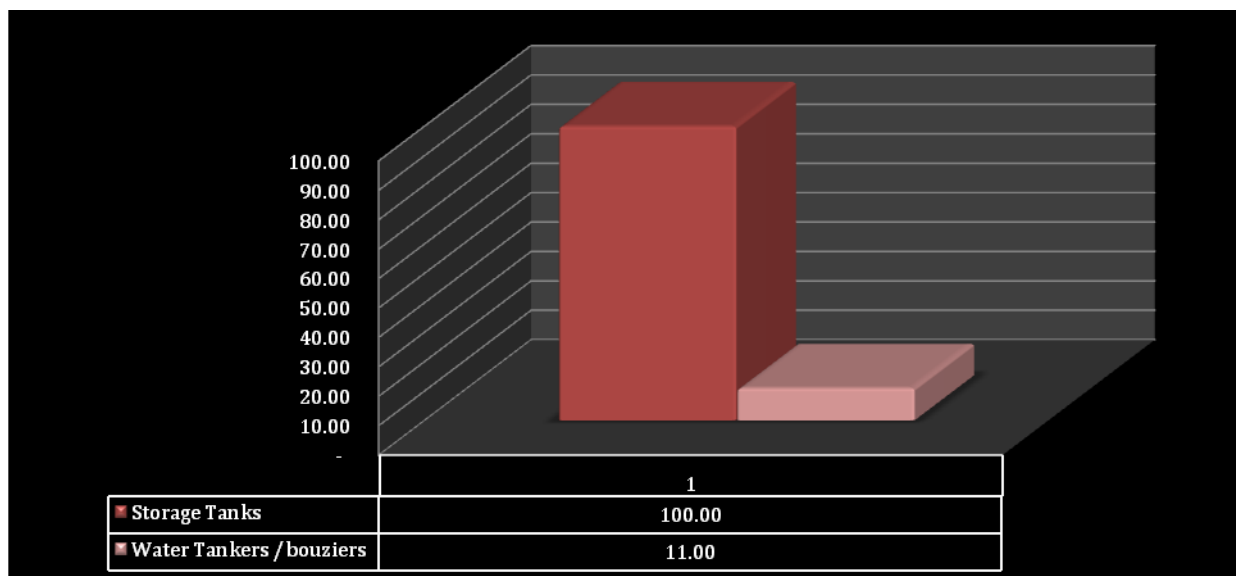
#### 4.6. ACCESS TO WATER

This performance focus of Water Service section is to ensure provision of clean water and provision of sanitation services to the communities. Its primary functions are quality management, operations and maintenance, infrastructure development, water provision and plans, etc.

There has been a transfer of staff and assets from the Department of Water and Environmental Affairs to the municipality's water services. Projects were implemented following the IDP as a guide. Capital projects implemented were funded through equitable share, MIG and DAF Refurbishment funds. It must also be noted that the MIG funds are mainly focussed on bulk projects which were planned and implemented on phases. During the year interventions were made to provide water through water tankers and drilling of boreholes where there is no bulk water supply.

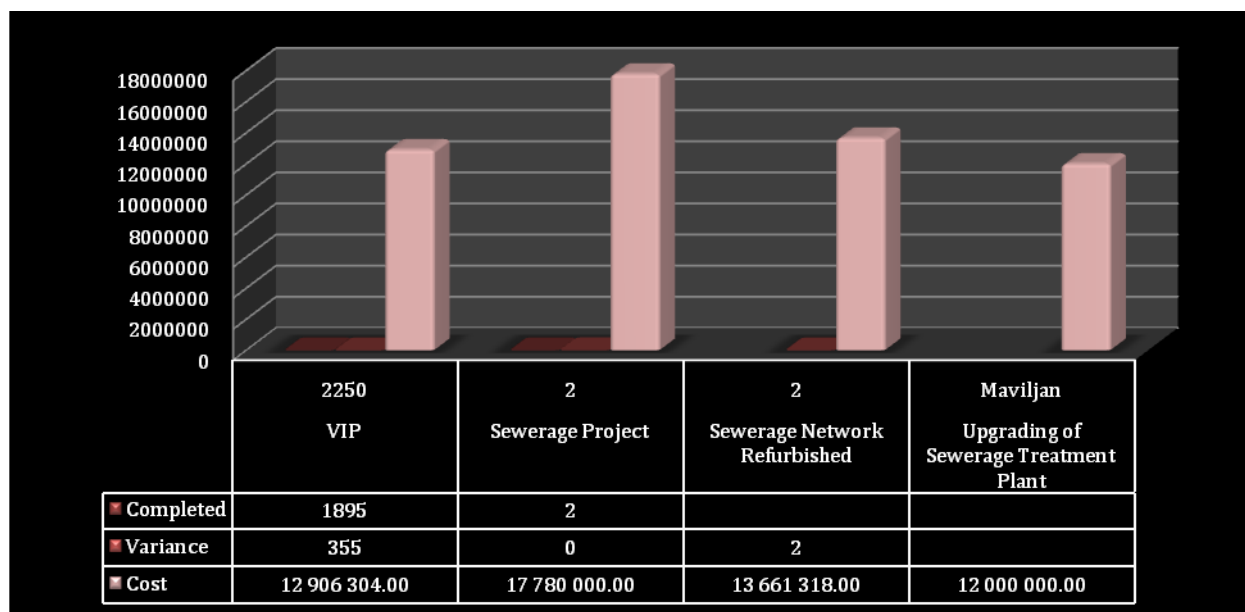
An alternative means of providing water through storage tanks and water tankers was necessitated by severe shortage of water reported during IDP public participation.

The graph below highlights some of the alternative measures undertaken to combat the spread of water related diseases such as Cholera:



#### 4.6.1. SANITATION

The graph below reflects the total number of Sanitation related projects implemented since 2006/7 and that are under utilization by the communities and their related cost. The challenge is lack of funding. We therefore resolved that more funds be applied from MIG, DWAF and Provincial and Local Government department by the end of May 2008 through the Technical department and PMU.



## 4.7. MUNICIPAL INFRASTRUCTURE GRANT PERFORMANCE REPORT

### 4.7.1. ORIGIN OF THE PROGRAMME

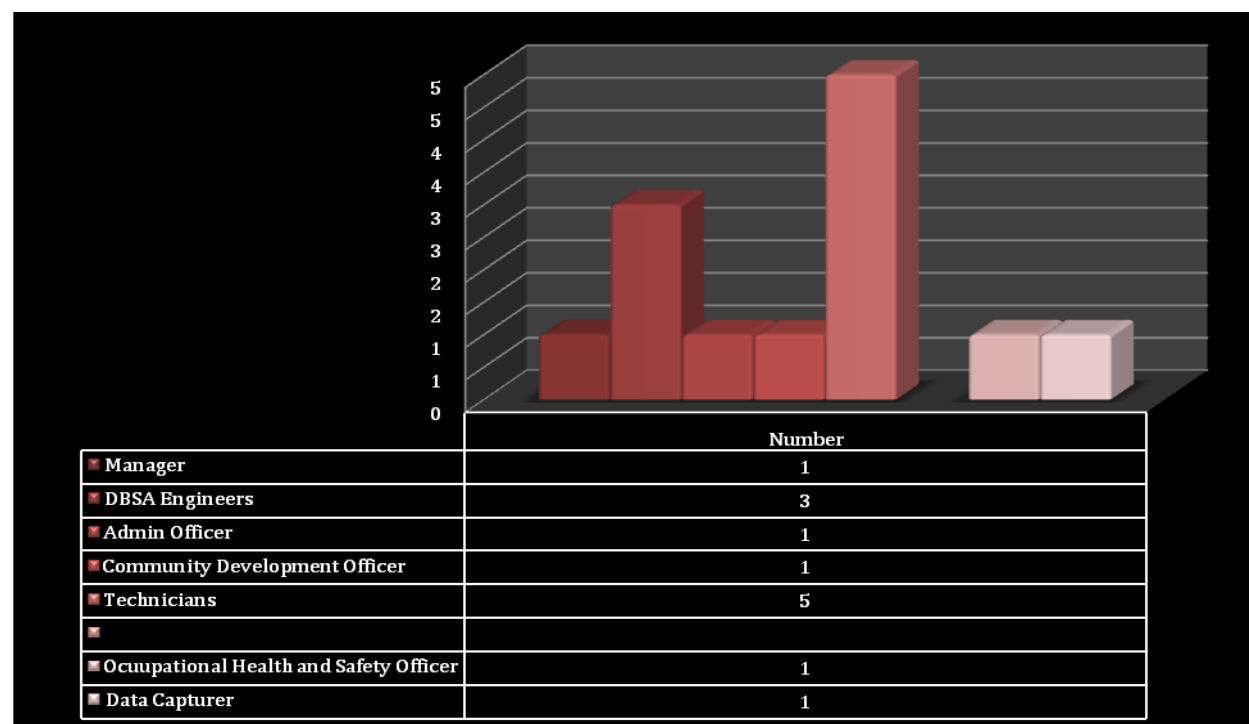
Bushbuckridge Municipality became a water service Authority in July 2006, and it immediately started receiving MIG funds after the disestablishment of the former district (Bohlabela District Municipality). Prior to 2006 BDM implemented water projects on behalf of Bushbuckridge Local Municipality.

### 4.7.2. PROGRAMME AND GOAL OBJECTIVES

- The programme's goal and objectives was to ensure that the grant will substantiate municipal's budget in order to implement the projects efficiently and effectively.
- The municipality is one of the rural and nodal points in the country and its revenue base is very low and with a high level of service delivery backlogs.

### 4.7.3. STAFFING AND RESOURCED

The graph below reflects the Human Resource Staff Solution of the PMU Unit





#### 4.7.4. FUNDING SOURCES

Currently the municipality depends to a great extent on the Grant in order to implement the projects. The latter grant is augmented by the equitable shares. The municipality does not have a strong revenue base, because it is mainly rural and the communities depend primarily on grants as the Municipality.

It is therefore clear from the above that most of the poor communities cannot pay for basic services rendered by the Municipality. The municipality's main funding source thus comes from DWAF, DEPARTMENT OF CORPORATE GOVERNANCE AND TRADITIONAL AFFAIRS and to an extent the DBSA.

The MIG projects (bulk and reticulation) that the municipality identified, as part of the **Water Master Plan** to be part of the Inyaka Bulk distribution network, a scheme aimed at addressing the water backlogs in the Bushbuckridge Municipality area.

Another major project identified was the Module 4 & 5 of the Extension of Hoxani Water Treatment Works, which is a continuation of the project identified by the disestablished Bohlabela District Municipality.

After completion both schemes will supply almost **90%** of the **235** settlements within the Municipality.

The complexity of the scheme requires a lot of planning hence EVN consulting Engineers were appointed as Principal Consultant to oversee the Inyaka Bulk Water Supply as reflected earlier, and assist in the planning of the remaining works, and Arcuss Gibb Consulting Engineers was appointed to oversee the Module 4 & 5 of the Extension of Hoxani Treatment Works.

Since 2007/8 bulk water projects to the value of R 250 Million were implemented by the BLM

#### 4.8. BACKGROUND OF THE GRANT

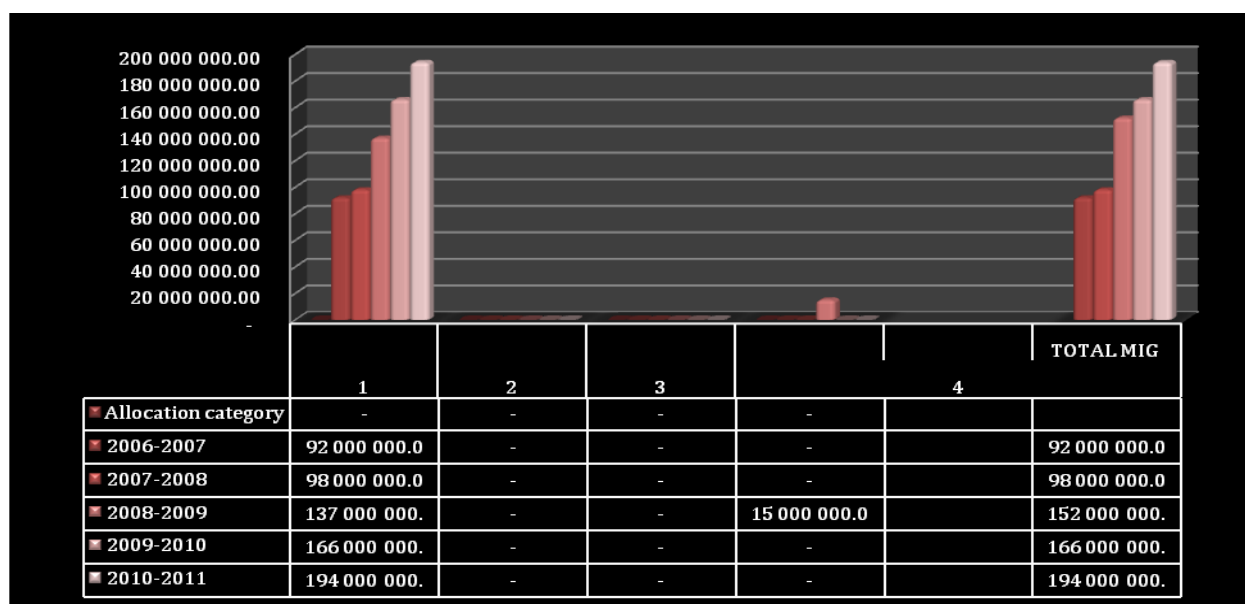
This section of the report will table the details Municipality's multi year consolidated infrastructure investment plan incorporating the formula based MIG allocation including the allocation ring fenced to these projects identified as labour intensive in terms of the EPWP.

Our MIG allocation is currently channelled to implement water projects, due to a higher backlogs and shortages of water within our jurisdiction of Bushbuckridge. The implementation of Inyaka Bulk Water Supply project as a major source of water for the entire Bushbuckridge area is still in progress, and once completed in 2012, all water backlogs will have been eradicated.

The PMU, with the assistance of other stakeholders identified all water reticulation projects as labour intensive projects under EPWP. These projects have been categorized accordingly in order to attach rates for remuneration appropriately. The department of Public Works provides hands on support to all the

identified EPWP projects in terms of assisting with the training of labourers through accredited service providers.

#### 4.8.1. COMPARATIVE ANALYSIS OF MIG (DORA)



#### 4.8.2. PLANNED PROGRAMMES AND THEIR RELATED STATUS

ID	PROJECT DESCRIPTION	06-Jul	07-Aug	08-Sep	Progress %
A1	Acornhoek Bulk Main :Casteel to Zoeknog Branch	5 183 188.00	14 624 057.00	N/A	100
A2	Acornhoek Bulk Main:Casteel to Wales Branch	1 543 137.00	2 477 785.00	N/A	100
A3	Thulamahashe Bulk Main:Kumana to Thulamahshe Branch	-	18 013 776.00	N/A	100
A4	Thulamahashe Bulk Main:Kumana to Ludlow Branch	633 158.00	13 596 516.00	4 906 933.00	100
A5	Acornhoek Bulk Main:Acornhoek Terminal Branch system	818 788.00	15 198 977.00	614 035.00	60
A6	Acornhoek Bulk Main :Craigburn/Rooiboklagte Branch system	1 157 456.00	10 253 456.00	4 742 590.00	82
A7	Dwaarsloop secondary supply to Kutung.	-	-	-	Cancelled
A8	Acornhoek Bulk Main :Shatale Branch Terminal	757 294.00	12 242 706.00	N/A	100
A9	Marite Bulk line Phase 1	2 933 854.00	11 030 748.00	3 045 466.00	100
A10	Marite Bulk Main phase 2	1 277 193.00	11 098 550.00	5 864 257.00	95

**4.8.3. WATER RETICULATION PROJECTS**

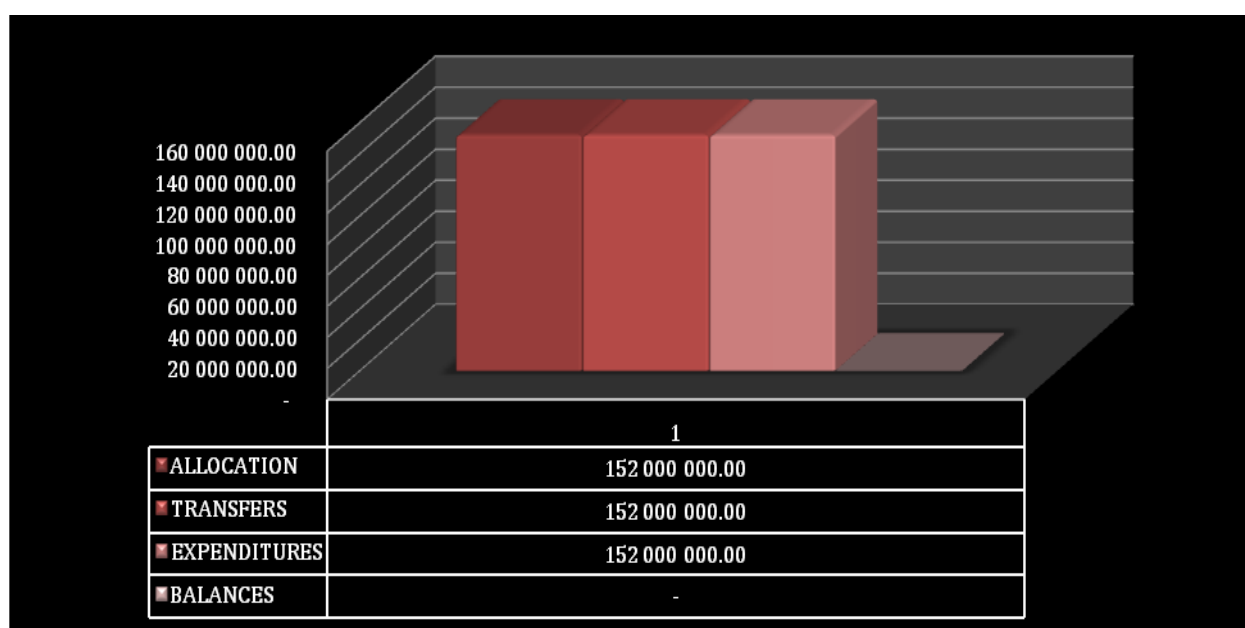
PROJECT NAME	2008/9	2009/10	STATUS
Ireagh Metsi Water Reticulation	R 126,409	R 1,400,000	The project is complete, the expenditures will show in 2009/10, currently waiting for testing
Motlamogale Water Reticulation	R 720,609	R 945,057	Practically completed expenditures will show in 2009/10
Ceko Water Reticulation	R 0,00	R 1,630,000	Design stage
Zoeknog B Water Reticulation	R 538,757	R 1,300,000	The project is practically complete, the expenditures will show in 2009/10, testing done
Bodlabongolo Water Reticulation	R 830,745	R 835,921	Construction
Phelandaba Water Reticulation	R1,383,847	R 282,819	The project is complete, the expenditures will show in 2009/10, testing don
Arthurstone Water Reticulation	R 1,401,340	R 2,098,660	Construction stage, to be completed in 2009/10
Motibhidi Rhelani Water Reticulation	R 0,00	R 2,528,000	Design stage, waiting for DWEA recommendations
Acornhoek Brenda Water Reticulation	R 0,00	R 1,000,000	Design stage
Dingleydale Water Reticulation	R 0,00	R 1,500,000	Design stage, waiting for DWEA recommendations
Zoeknog A Water Reticulation	R 0,00	R 1,800,000	Design stage
Zola Water Reticulation	R 0,00	R 1,500,000	Waiting approvals
BULK			
EXTENSION OF HOXANI WATER WORKS (MODULE 4 & 5)	R 15,997,881	R 10,021,119	Construction stage, both BLM , MLM & DWEA are involved in the project

**4.8.4. INYAKA BULK WATER PROJECTS: MIG/W/MP/0687/07/11**

ID	Project Name	Project Status	Budget	Sep-08	Estimate 2009/10
B1	Inyaka Bulk: Acornhoek, okkernootboom bulk water pipeline	Construction Stage	R14,966,543	R1,320,179	R 15 M
B2	Inyaka Bulk: Acornhoek , Ka-Nkomo, Ka-zitha area bulk water supply	Design Stage	R15,726,365	R1,158,791	R 2 M
B3	Inyaka Bulk: Acornhoek , Sigagule, Timbavati area bulk water supply	Design Stage	R14,080,034	R 932,380	R 4 M
B4	Inyaka Bulk: Acornhoek, Hluvukani & Thulamahashe Bulk Water Supply Phase 1-3	Construction: Phase 1 & 2, Phase 3 still on design stage	R15,948,789	R1,666,271	R 16 M
B5	Inyaka Bulk: Alexander Branch & 600KL Reservoir at Marite	Design Stage	R9,450,283	R 246,449	R 10 M
B6	Inyaka Bulk: Marite area bulk water supply	Implementation Stage	R16,687,612	R 319,200	R 16 M
B7	Inyaka Bulk: Casteel, Dwarsloop & Maviljan area bulk water supply	Design Stage	R9,382,063	R 0,00	R 3 M
B8	Inyaka Bulk: Hluvukani & Thulamahashe bulk water supply	Construction	R19,881,163	R 12,146,635	R 10 M
B9	Inyaka Bulk: Hluvukani Bulk Water supply	Adjudication Stage	R11,624,470	R 1,108,635	R 11 M
B10	Inyaka Bulk: Provision of Bulk Water Meters	Construction Stage	R5,848,200	R 741,804	R 5.6 M
B11	Inyaka Bulk: Shatale Branch Pipeline	Construction Stage	R38,359,928	R5,298,263	R 42 M
B12	Inyaka Bulk: Eglington, Manyelethi camp, Thorndale, Tlhavekisa Bulk Water Supply	Design Stage	R17,066,416	R 477,860	R 8 M
B13	Inyaka Bulk: Masakeng, Violet Bank, Orinocco & Madyembeni bulk supply	Design Stage	R10,255,721	R0,00	R 4 M
B14	Inyaka Bulk: Thulamahashe Bulk Water supply	Design Stage	R2,958,023	R 0,00	R 3 M
B15	Inyaka bulk water: Casteel – Motlamogale Bulk Water Supply	Construction	R4,421,780	R 5,870,377	R 1 M
B16	Inyaka Bulk: Dwarsloop Bulk Line	Construction	R8,076,239	R12,288,782	R 2 M
B17	Inyaka Bulk: Dwarsloop Bulk Water Supply	Construction	R3,260,400	R 777,525	R 3 M
B18	Inyaka Bulk: Angincourt, Lillydale, Marite, Mkhuhlu Bulk Water Supply	Design Stage	R24,924,043	R 0.00	R 6 M
B19	Inyaka Bulk Water: Mkhuhlu area Bulk Water Supply	Construction	R25,525,860	R26,687,494	R 3 M
B20	Inyaka bulk: Lillydale Bulk Water Supply	Design Stage	R10,164,629	R 1,236,486	R 8 M
B21	Inyaka bulk: Belfast, Lillydale, Huntington & Justicia Bulk Water Supply	Design Stage	R10,164,629	R 922,616	R 4 M
B22	Inyaka bulk: Angincourt area Bulk water supply	Design stage	R15,000,000	R 556,980	R 3 M
B23	Inyaka Bulk: Arthurstone 2ML Reservoir	Construction	R 5,377,851	R 2,280,162	R 4 M

#### 4.9. FINANCIAL PERFORMANCE OUTLAY

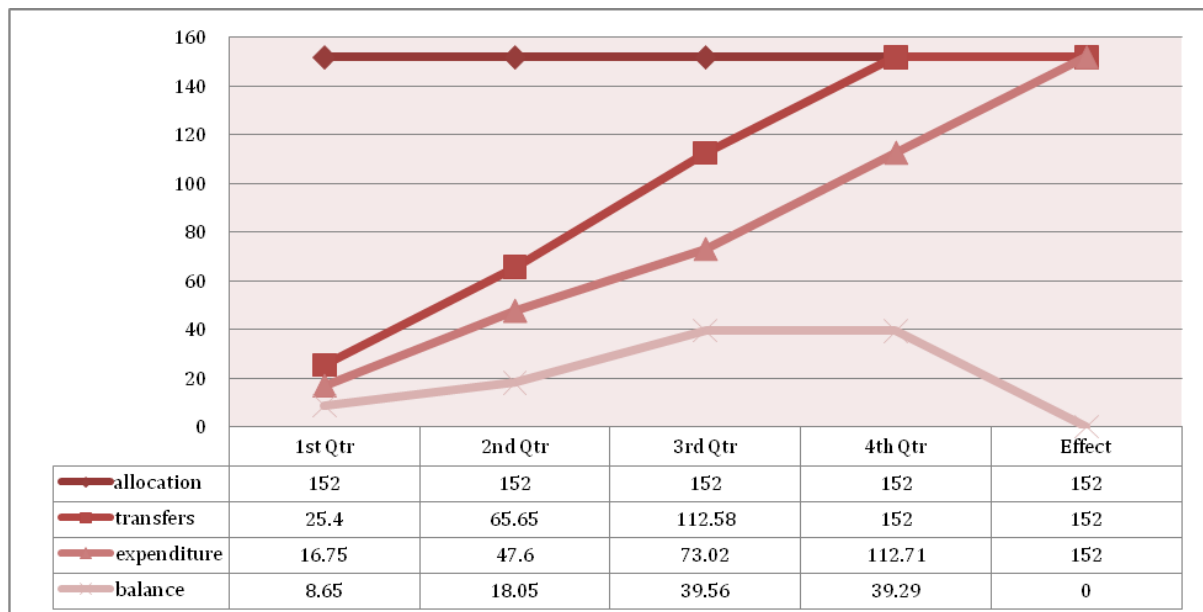
The table below indicates the expenditure pattern for the financial year 2008/9. The final figures indicate the final expenditures in terms of the allocation. The Total expenditure was also confirmed during the end of the Municipal Financial year ended June 2009.



#### Performance Analysis

The above indicate that the Municipality's expenditure only improved in the second quarter of the financial year 2008/9. It must also be taken into consideration that the nature of bulk projects we are currently implementing requires a lot of time in terms of planning while ensuring that proper and qualified service providers are appointed to implement the projects. During November 2008, the expenditures increased drastically due to the delivery of pipelines for Inyaka Bulk Water Supply Distribution. Most of our reticulation projects started late and have been implemented under EPWP, and some have been moved forward to 2009/10 due to late recommendations by DWEA and registrations by the DCSTA (Department of Corporate Services and Traditional Affairs: previously DEPARTMENT OF CORPORATE GOVERNANCE AND TRADITIONAL AFFAIRS)

#### 4.9.1. FUNDS PERFORMANCE PATTERN



#### Performance Analysis

The above graph, indicates exactly the slow improvement in the expenditures during the first quarter of the financial year, and improved from the third quarter due to the late delivery of bulk pipelines.

The municipality managed to spend its allocation for 2008/9 by June 2009, which was three months late after the national financial year end.

#### 4.10. SERVICE DELIVERY CHALLENGES

The table below indicates that there have been challenges within the Municipality in the implementation of the Service Delivery Programme in the financial year 2006/7 and 2007/8;

In addition, there have been sluggish improvements in the expenditure pattern in the financial year 2008/9. An indication that the Municipality with the assistance from the Accounting Officer (Municipal Manager) and the Deployed DBSA personnel have improved service delivery to the targeted communities within the Municipal jurisdiction

NUMBER	LIMITATION AND CONSTRAINTS
4.9.1	One of the major limitations and weakness experienced by the BLM (Bushbuckridge Local Municipality) have been the delays in the procurement processes ,which were caused by poor planning by service providers which resulted in the Municipality appointing a Principal Consultant (EVN ) to oversee the planning process of the regional bulk water scheme.
4.9.2	While the above has not only assisted the Municipality in terms of planning it will also ensures that capable service providers are appointed to implement the projects, the Municipality will also get good value for money while improving the quality of services to the communities, we are mandated to serve .
4.9.3	The Municipality has since 2006 tried to reduce the number of backlogs in water and sanitation as part of its mandate for service delivery to the targeted communities.
4.9.4	One of the greatest challenges has been the lack of progress on the main bulk water pipeline which is a bulk water conveyor to nearly 75% of the communities of Bushbuckridge Municipality.
4.9.5	The replacement of the current pipeline which to date has not been commissioned or pressure tested need to be prioritized by DWAF. Unfortunately the Municipality cannot achieve its target in terms of the Presidential target and water for all by 2010
4.9.6	For the current Financial Year 2009/10, DWAF has allocated only R35, 000,000.00 towards re-construction of the Acornhoek Pipeline, thus leaving a shortfall of nearly R130, 000,000.00
4.9.7	The success of the MIG programme in BLM cannot be fully realized until the above mentioned challenges have been rectified.
4.9.8	One of the major limitations and weakness experienced by the BLM (Bushbuckridge Local Municipality) have been the delays in the procurement processes ,which were caused by poor planning by service providers which resulted in the Municipality appointing a Principal Consultant (EVN ) to oversee the planning process of the regional Bulk Water Scheme.
4.9.9	The above shift has not only assisted the Municipality in terms of planning it will also ensures that capable service providers are appointed to implement the projects, the municipality will also get good value for money while improving the quality of services to the communities, we are mandated to serve .



NUMBER	LIMITATION AND CONSTRAINTS
	There has not been significant progress achieved in regard to the <b>Maintenance of Roads and Street</b> due to budgetary constraints
4.9.10	Housing Projects: There is lack of progress due to budgetary constraints
4.9.11	Electricity Provision: No significant progress achieved due to the following reasons: <ul style="list-style-type: none"> <li>▪ Funding allocation</li> <li>▪ Capacity problem</li> <li>▪ Eskom leaving some houses un-electrified within implemented projects</li> <li>▪ Theft and Vandalism of transformers, cables and meter boxes</li> <li>▪ Poor Estimation of households to be electrified</li> <li>▪ Installation of old meter boxes</li> <li>▪ Poor communication</li> </ul>
4.9.12	Refuse / Waste Collection and Disposal Sites : No significant progress achieved due to the following reasons: <ul style="list-style-type: none"> <li>▪ Insufficient budget to purchase of refuse compactors</li> <li>▪ Insufficient and non compliant of waste disposal sites</li> </ul>
4.9.13	Lack of Funds

#### 4.11. REMEDIAL MEASURES

NUMBER	MEASURES TO BE TAKEN BASED ON LESSON LEARNT
4.9.14	Funds Availability
4.9.15	Leveraging on Project Management
4.9.16	Effective Strategic Management Planning
4.9.17	Corporation of relevant Stakeholder groups
4.9.18	Effective Revenue Management Strategies
4.9.19	Alignment of IDP and SDBIP

#### 4.12. CONCLUSION

The bulk water projects as mentioned in this report are multi year projects. Implementation is planned until 2012 and the revised Business Plan for Inyaka Bulk has been captured on the MIG MIS and still awaiting recommendations by DWEA and registrations by the DCS and TA. Subsequently to the approval of the above mentioned project, the municipality will be committed for the entire MTEF period.

Price escalation in terms of the unit cost per project will have to be reviewed from time to time.

Price escalation on material for steel, cement and pipes will have to be considered or reviewed annually to ensure that the available budget is sufficient to complete all the identified projects.

The budgeted amount in comparison with the appointed amount differs significantly mainly due to the increases in material as indicated above, and thus impact negatively on the municipal budget.

## SECTION 5

### 5 LOCAL ECONOMIC DEVELOPMENT AND PLANNING

#### 5.1. INTRODUCTION

This section of the report set-out to evaluate the performance of municipality in the development and implementation of LED strategies and plans as well as in the development of structures required to meeting the challenges. It also reports on the capacity of municipalities to implement LED in their respective municipalities.

The 5 year local government strategic agenda requires that all provinces conduct LED capacity assessments of all their municipalities. Bushbuckridge Local Municipality successfully conducted both a capacity assessment and status quo report of LED capacity. To this end, the report reveals that BLM has an LED Strategy in place and still under implementation beside the challenges and constraints experienced *(to be discussed later in the report)*

Bushbuckridge Local Municipality has a decisive and impenitent role to play in shaping the economic destiny of BLM which is why Local Economic Development (KPA 3) is one of the five key performance areas in the local government system. There has been recognition that investment can only take place where the potential and competitive advantages of the various local economies are mapped and harness, known and exploited. Bushbuckridge Local Municipality play a critical role which entails harnessing diverse stakeholders to achieve full benefit realisation of the economic development of the area

## 5.2. DEVELOPMENT AND IMPLEMENTATION OF LED STRATEGIES AND PLANS

### 5.2.1. PROGRESS

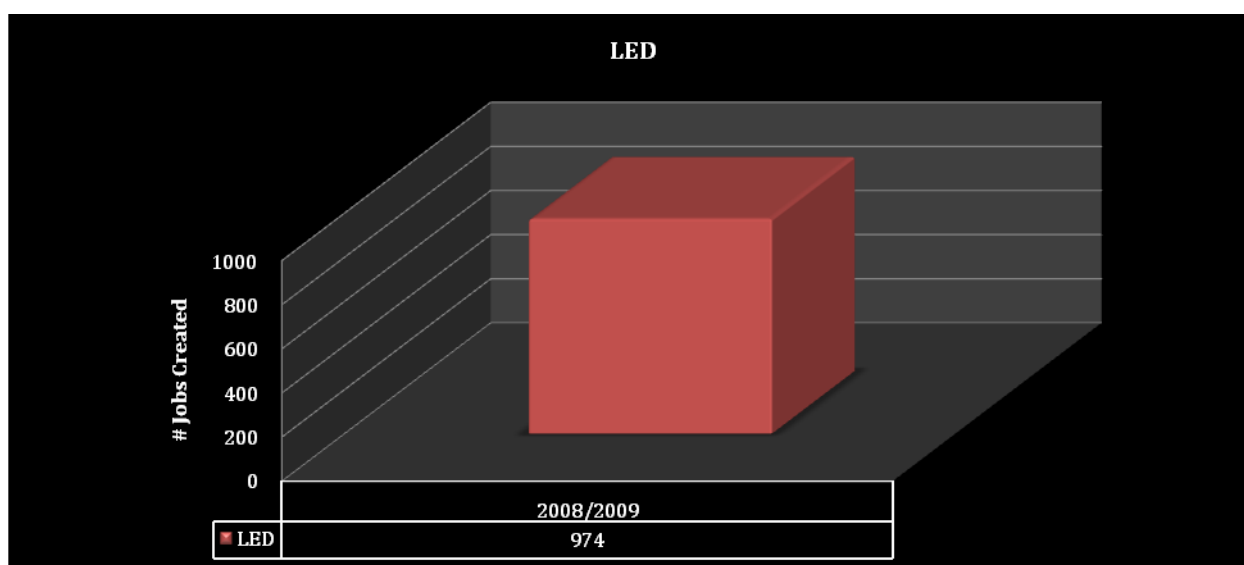
There has been substantial improvement in the development and implementation of LED strategy. Performance of the directorate during 2008/09 in terms of local economic development, planning and environmental management is summarised below:

Programme/Project	Achievement/ Output	Comments
Processing of Land Use Applications	About 198 land use applications were recommended by council.	Land use applications backlogs have been significantly reduced
Formalisation/Land Tenure Upgrading projects and issuing of Title Deeds	About 330 title deeds for Shatale Land Tenure Upgrading project were issued to the beneficiaries.  Land Tenure Upgrading project for Malubane at Mkhuhlu commenced and significant implementation progress was made.  110 sites were demarcated through the use of internal town planning capacity to assist Traditional Authorities in the planning of settlements	Bushbuckridge Local Municipality and Ehlanzeni District Municipality intensified efforts to complete outstanding Land Tenure Upgrading projects for Shatale, Dwarsloop, Thulamahashe and Mkhuhlu which are priorities for 2009/10.
Spatial Information Management Systems	Municipal GIS became fully operational and a useful tool to municipal operations	Spatial information remains important and support decision making processes
Local Economic Development through Agricultural Development	About 22 tractors were purchased through the Masibuyele e masimini programme of the Department of Agriculture for Bushbuckridge community.  About 150 farmers in Bushbuckridge were linked to markets through the support of MABEDI  Access roads to farms were graded by the municipality to improve access to farms  Bushbuckridge Agricultural Forum was established	Number of hectares under cultivation have significantly increased through these interventions
Local Economic Development through Tourism Development	Establishment of the Tourism Information Center by the Ehlanzeni District Municipality commenced  Local Tourism Organisation (LTO) was established  Tourism awareness campaigns and cultural	Visible growing interest in the tourism sector within the municipal area is experienced

Programme/Project	Achievement/ Output	Comments
	<p>dancers competitions to promote cultural tourism were successfully conducted</p> <p>Tourism brochures were developed by the municipality as a tool to market the area in terms of tourism</p>	

### 5.3. NUMBER OF JOB CREATED THROUGH LED AND INFRASTRUCTURE PROGRAMMES

Job creation is one of the important indicators of local economic development. The table below reflect the total number of jobs created during the year 2008/09



### 5.3.1. STRUCTURE & LOCATION OF LED UNITS WITHIN EACH MUNICIPALITY

The LED National Framework 2006-2011 requires that LED must be strategically located within the municipal organogram, as are all the other KPA's (institutional development and transformation, financial viability and management, good governance and public participation and municipal service delivery). The current positioning of the LED Unit is in line with the LED National Framework. The table below reflect key functions performed by this unit

FUNCTIONS	DONE	NOT DONE
Economic research	√	
Conducting feasibility studies	√	
Developing business or project concept papers for identified opportunities	√	
Developing business plans for certain projects	√	
LED planning, implementation and monitoring	√	
Investment and business promotions and summits	√	
SMME support and skills development	√	
Economic sector promotion through summits	√	

### 5.3.2. PORTFOLIO COMMITTEES AND LED FORUMS

Political leadership is very important in the implementation of LED in municipalities. Section 79 of the Municipal Structures Act allows municipality to establish committees necessary for the effective performance of any of its functions or the exercise of its powers in this regard.

The table represents a status quo in terms of aligning LED with relevant fundamental structures

LED PORTFOLIO COMMITTEE / LED FORUM		
Financial Year	2007/2008	2008/2009
	√	√

### 5.3.3. CHALLENGES EXPERIENCED

The speedy progress in implementing the planned LED Programmes is to some extent weakened by the fact that the implementation of the strategy by the municipality has not been without challenges. The reason for this failure can essentially be attributed to the following reasons:

LED / CHALLENGES CONSTRAINTS	
5.3.3.1	LED strategy was developed in 2005 and not reviewed
5.3.3.2	Inadequate capacity hampering effective implementation of programmes, the directorate responsible for economic development, planning and environment operated at the lowest capacity of 5 officials during the beginning of 2008/09 financial year to fulfil its mandate
5.3.3.3	Local economic development requires commitment from all relevant sectors including the community, the absence of such affect the programme
5.3.3.4	Traditional Authorities as the owners of land are critical to the success of municipal and development programmes. Lack of support on their part for instance negatively affected implementation of prioritised formalisation/land tenure upgrading projects which aim to improve settlement planning and land ownership patterns for socio-economic development
5.3.3.5	Commitment and corporation between the municipality and Traditional Authorities still require improvement especially as ownership of land within the municipal area is largely in the hands of the latter
5.3.3.6	Outstanding land claims negatively affecting development
5.3.3.7	Group dynamics affecting sustainability of projects
5.3.3.8	Lack of clear and visible elements that local economic development is a shared responsibility of all relevant sectors/ departments

GENERIC CONSTRAINTS	
5.3.3.9	Municipal economic competitive and comparative advantages
5.3.3.10	Economic sector contribution for the municipality, to include GDP, GVA, GGP and employment levels.
5.3.3.11	Declining and stable growth of economic sectors within the municipality as well as the investment opportunities available within the municipal space
5.3.3.12	The old LED paradigm greatly influences how LED is regarded as a 'non-important' KPA, unlike other KPAs such as:
5.3.3.13	Institutional development and transformation
5.3.3.14	Financial viability and management
5.3.3.15	Infrastructure development and basic service delivery
5.3.3.16	Good governance and public participation
5.3.3.17	Social development
5.3.3.18	
5.3.3.19	



### 5.3.4. REMEDIAL MEASURES

Table presents some of the recommendations suggested to improve the planning and implementation of Local Economic Development within the area

IMPROVEMENT	
5.3.4.1	Improvement of capacity to implement remains a key to the success of any programme and should be prioritised
5.3.4.2	A more systematic approach to the planning and implementation of programmes e.g. land tenure upgrading needs to be developed in consultation with the Traditional Authorities as the land within the municipal area is largely under their jurisdiction
5.3.4.3	Guidelines and by-laws regulating development should be fully observed for sustainable development
5.3.4.4	Finalisation of outstanding land claims should be a priority for 2009/10.
5.3.4.5	Revision of the LED strategy and SDF should be a priority for 2009/10
5.3.4.6	Local economic development should remain a critical component to municipal planning and projects should also be recommended based on their level of contribution to economic development

## SECTION 6

### 5 MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

#### 6.1. INTRODUCTION

The information in this section illustrate the organizational structure, progress in the filling of senior management posts and on transformation as well as policies and systems which have been developed throughout the 21 municipalities which make up the Mpumalanga province.. The comparative information indicated between 2007/8 and 2008/9 financial years seeks to reflect the challenges and progress made within the municipality as a whole.

#### 6.2. PROGRESS

- Bushbuckridge Local Municipality has an approved organogram aligned to the allocated powers and functions.
- The executive structures are aligned with the administrative structures of the municipalities.

#### 6.3. PERFORMANCE MANAGEMENT SYSTEMS

- BLM has successfully developed and implemented a Performance Management System. The details status quo in regard to Performance Management System is discussed and reported in the previous (Section 1)

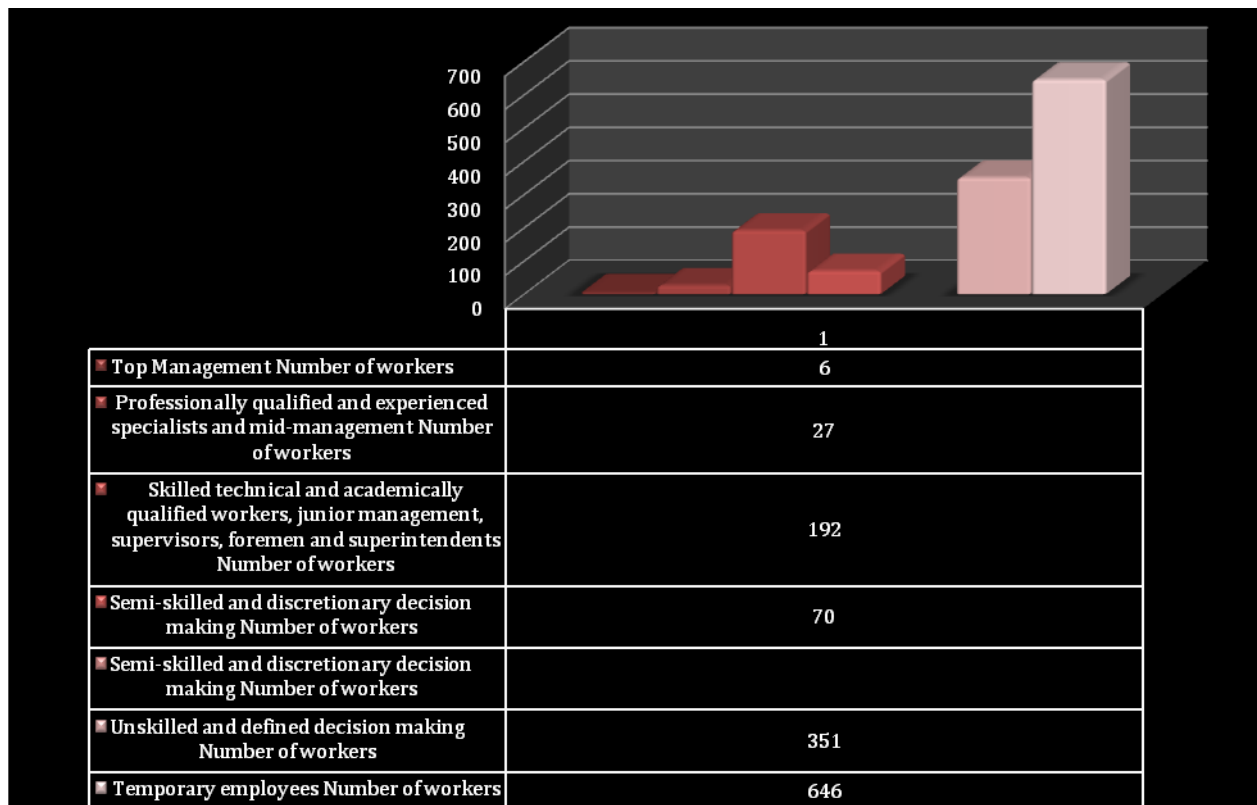
## 6.4. CHALLENGES EXPERIENCED

6.4.1	Gender equity at the top management / strategic level remains a challenge since there is only two females against five.
6.4.2	Delays by municipalities in filling strategic vacant posts within the key position levels
6.4.3	Limited oversight role played by the council
6.4.4	Operational and reporting line between both the Executive function of full time councillors and administrative heads.

## 6.5. ORGANISATIONAL PERFORMANCE MATRIX

	In Place	Not in Place	Implemented	Not Implemented	Remarks
Policy and framework	√		√		
Performance management Task Team	√		√		
Bushbuckridge Performance management system	√		√		
S57 Performance Plans	√		√		
S57 Performance Agreements	√		√		
S57 Assessment and Reviews	√			√	
Non S57 employees Assessment and Reviews	√		√		
Non S57 Employees Performance Compact	√		√		
SDBIP	√		√		
Quarterly Reports	√			√	
Revenue Collection Strategy		√		√	
Audited Financial Statement	√		√		

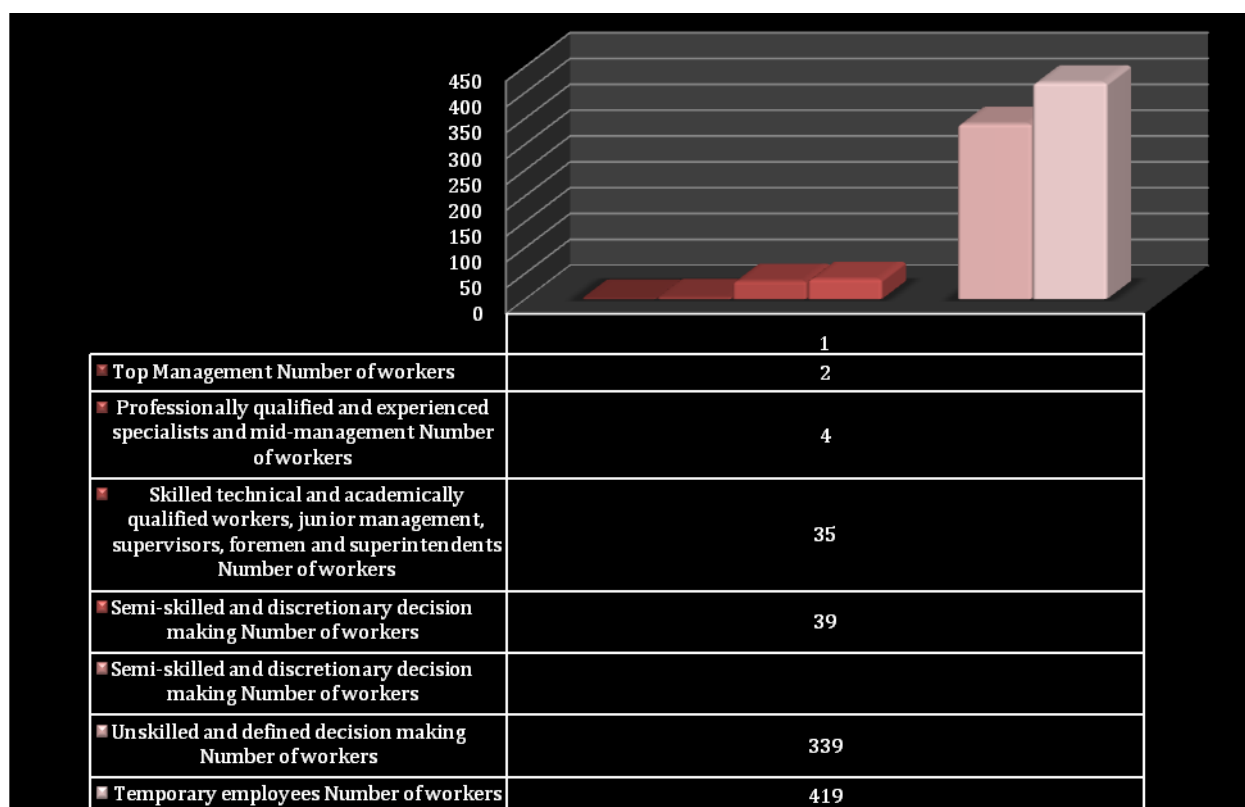
## 6.6. STAFFING - AFRICAN MALE ACROSS ALL LEVELS



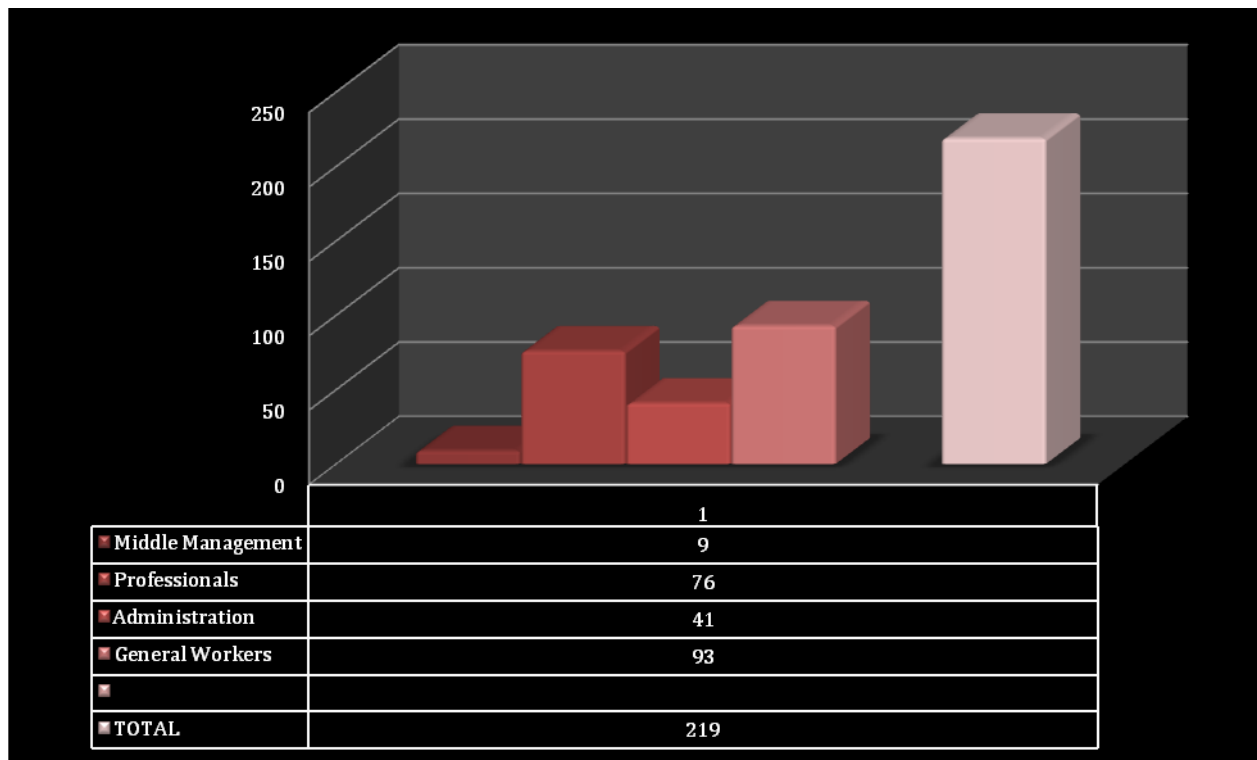
## 6.7. STAFFING - AFRICAN FEMALE ACROSS ALL LEVELS

### 6.7.1. EMPLOYMENT EQUITY

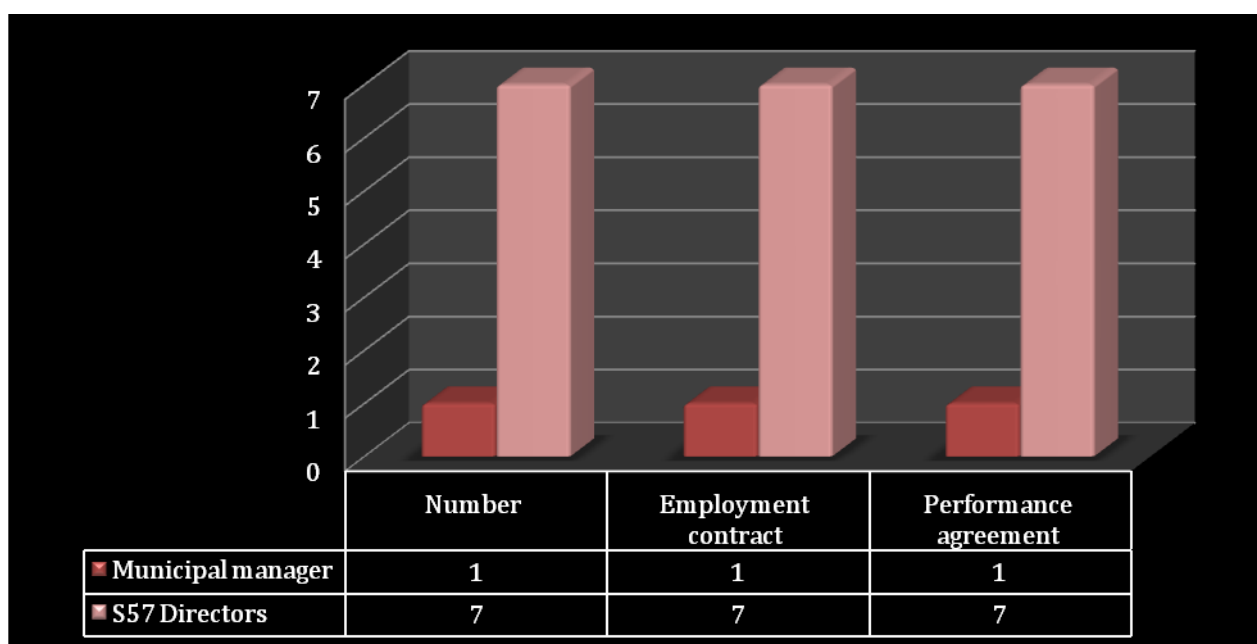
The graph below showcase the total number of senior manager posts in the municipal level across female gender in line with Employment Equity Act.



## 6.8. VACANT POSITIONS



## 6.9. S57 ALIGNMENT TO PERFORMANCE COMPACTING

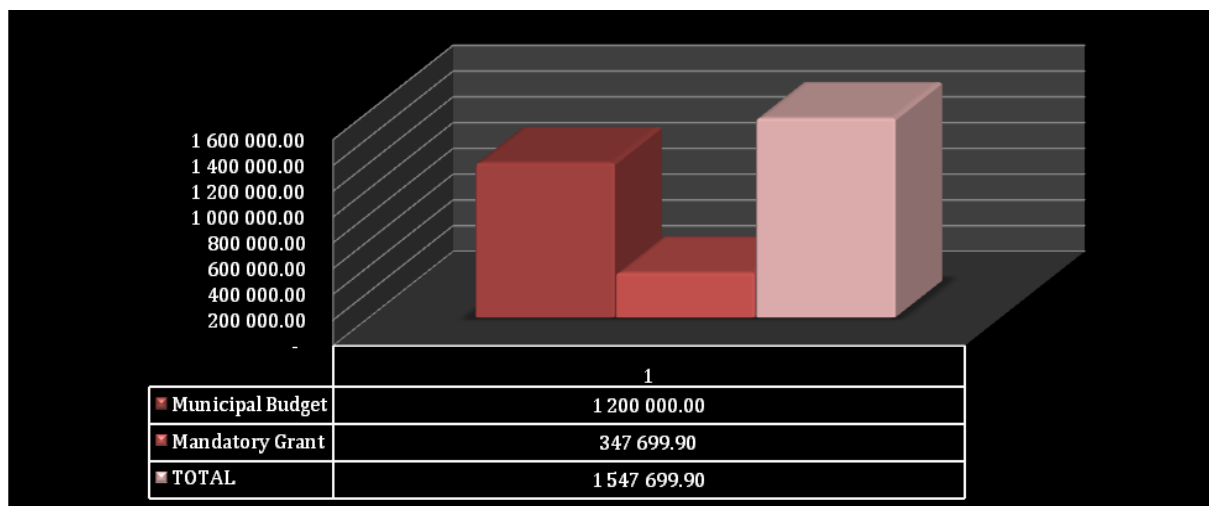


## 6.10. MUNICIPAL BUDGET SPENT ON IMPLEMENTING WORKPLACE SKILLS PLAN

### Performance Analysis

BLM is paying levies and receive rebates for the implementation of workplace skills plans. The municipality have also made provision in the budgets for internal capacity building that is in line with the workplace skills plan

It is difficult to analyse exactly the budget spent for training related intervention as more funds was relocated to other budget votes and used for non training related activities. Indication from the Skill Development Facilitator shows that approximately 50% of the budgeted amount was utilised for training



**6.11. STATUS ON HUMAN RESOURCE POLICIES AND PLANS:**

Policy/ Plan	Developed and implemented	Not Developed and implemented
Recruitment and selection	√	
Performance management	√	
Skills development plan	√	
Employment equity plan	√	
Skills development charter	√	
Code of conduct	√	
Employment equity policy	√	
Transport Control policy	√	
Payroll policy and procedures	√	
Training and Development Policy	√	



## SECTION 7

### 7 MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

#### 7.1. INTRODUCTION

This section will focus on the reinforcement of BLM finance as an objective that the financial performance of the institution against all financial management plans and expenditure items.

The municipality is not simply central to the provision of basic services, but the progressively more the drivers of infrastructure improvement.

There has been challenges and constraint that municipal experience in terms of finances. These challenges range from:

- Governance of municipal finances,
- The mobilization and collection of revenue and
- Capacities for management of the finances.

The management of revenue is governed by policies that are directly aligned to revenue management and debt collection such as billing system and indigent policy. Problems are experienced with regard to accurate billing. This to an extent results in consumers losing faith in the invoices they receive from the municipality and this definitely contributes to debt escalation.

Highlights have been achieved in terms of reviewing indigent policies on regular intervals and the capacity to administer them. However, it should be noted that continuous improvement is the key to achieving the desired result over a period of time.

In line with the Auditor General reports, there is also a concern that the increasing level of debtors may undermine the liquidity municipality. The underlying cause of this may be the capacity to aggressively develop and implement practicable cash collection and billing strategies.

### 7.1.1. FINANCIAL PERFORMANCE STATUS

The matrix below highlight financial performance measures achieved in terms of their compliance dates within the Finance Section.

Objectives	Performance Measure/service delivery indicator	Performance	
		Target	Actual
To develop a medium term financial framework (budget)	Three-year capital and operational budget approved by council	30-Jun-08	29-May-08
	Approval of the adjustment budget by council	31-Jan-09	30-Jan-09
To prepare and submit Annual Financial Statements	Annual Financial Statements submitted to the Auditor-General and council	30-Aug-09	28-Aug-09
Provide a framework for financial accountability	Approved Service Delivery and Budget Implementation Plan (SDBIP)	30-Jun-08	30-May-08
	Adoption of Tariff Structure	30-Jun-08	29-May-08
To manage and control revenue	Monthly billing	Monthly	Monthly
	Credit control policy enforcement	Daily	Daily
To manage the cash-flow of the council to ensure timely payment of creditors and servicing of long term liabilities.	Creditors paid within 30 days	Monthly	Monthly
To monitor and control the budget & expenditure	Submission of monthly financial report to Provincial & National Treasury	Monthly	Monthly

### 7.1.2. ANNUAL FINANCIAL STATEMENTS 2008/9

The annual financial statements for the year ended June 2009 have been compiled within the prescribed period and are attached hereto as Annexure

The annual financial statements have been prepared in accordance with standards laid down by the Institute of Municipal Finance Officers (IMFO) in its code of Accounting Practice (1997) and Report on published Annual Statements (Second Edition January 1996)

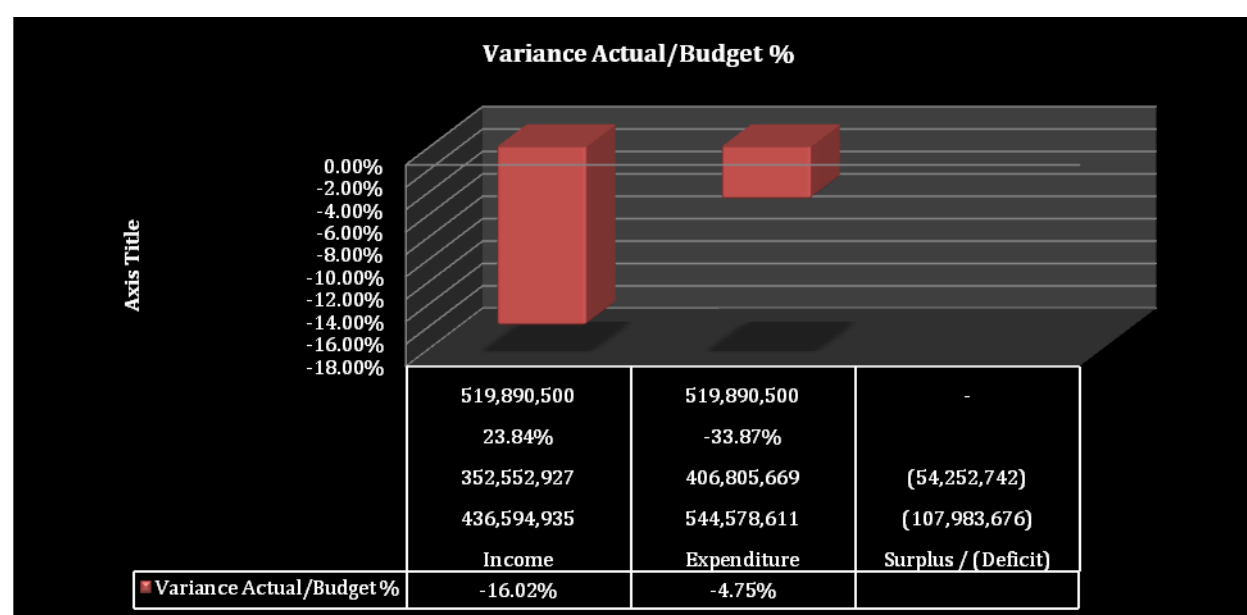
The notes to the annual financial statements include additional information where available, as required by the Municipal Financial Management Act no.56 of 2003.

A report by the CFO is included in the annual financial statements that deals with some of the key indicators on revenue, operating expenditure and as well as capital expenditure.

The notes to the annual financial statements disclose the required information in terms of section 123 of the Municipal Finance Management Act. Refer Annexure, as part of the 2008/09 attachments.

### 7.1.3. OPERATING RESULTS

The operating results for the year ended 30 June 2009 disclosed a deficit. The financial year was closed off with a deficit of R 107,983,676 against a deficit of R 54,252,742 for the previous year. The operating results also indicate a deficit of R 107 Million if compared to budget. The main reason for this is the doubtful debt provision of R 51 Million together with the lower than budgeted income of R 84 Million. Although grant income increased from R 297 Million to R 388 Million when compared to the previous year there was a budget shortfall of R 56 Million.

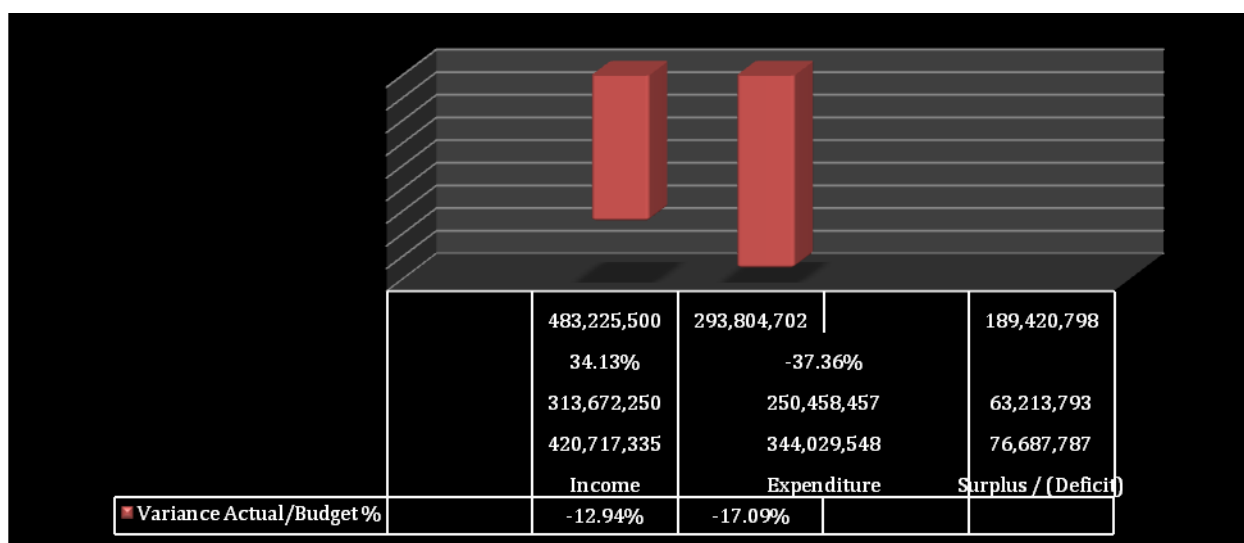


#### 7.1.4. INCOME

The major income streams of the Municipality can best be disclosed as follows, giving a bird's eye view of total income and disclosing the dependency of the Municipality on grants and subsidies from the State, as income from grants represents 86.39% of total income of the Municipality. Own income generated from the sale of water, the raising of assessment rates and other income represent only 13% of the total income of the Municipality. This percentage indicates a downward trend when compared to the previous year's percentage of 19% and is a matter of serious concern for the Municipality. The generation of own income streams will become more and more important if the current increase in investment in infrastructure is to be continued.

The graph below presents the summary of the income as compared from the previous year and budget

##### *Rates and general services*



Included in the amounts disclosed for income under rates and general services is R 11 Million (2007/08: R 20 Million) for assessment rates and R 205 Million (2007/08: R 163 Million) received in the form of equitable shares from National and Provincial Government.

Although it is good and fair to receive grants from Government, it can also have a negative impact, as the Municipality becomes more and more dependant on Government to fund operational and capital expenditure due to the fact that the Municipality does not sufficiently develop its own sources of income. The dependency on grant income will affect the quality of service delivery to all consumers as poor quality service will not affect grant income. It also becomes difficult to measure the performance of senior employees as grant income tend to hide inefficiencies.

The first valuation roll was implemented and rates and taxes based on the valuation roll were charged. The charging of property rates on privately owned residential properties led to numerous disputes between the community and the Municipality. The Municipality decided to write off property rates on privately owned residential properties and to continue with the compilation of a new valuation roll. The Municipality has appointed a service provider to compile a new valuation roll during the 2008/09 financial year for implementation on 1 July 2009

#### **7.1.5. OPERATING RESULTS PER CATEGORY OF EXPENDITURE**

Detail information on the operating results per category is contained in Annexure (AFS) to the annual financial statements. The following could, however, be highlighted:

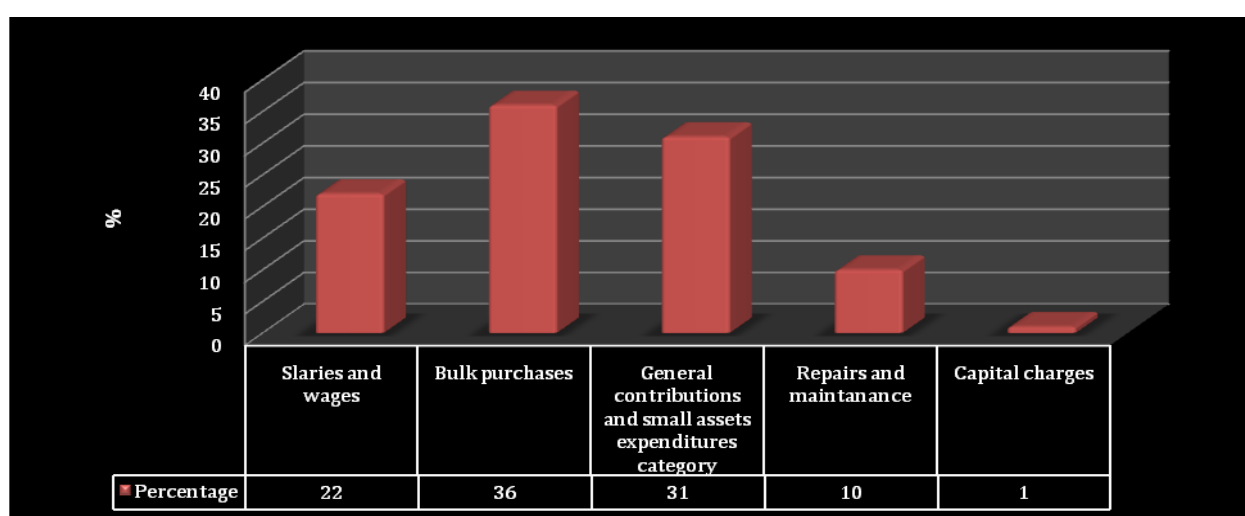
The total salary expenditure of the Municipality amounts to R 121 Million (2007/08: R83 Million) or 32 % of the total operating expenditure for the year. The generally accepted benchmark is a maximum of 35%. The Municipality is approaching this critical point, mainly as a result of transfer of personnel from the disestablished District Municipality and the Department of Water Affairs. The staffing of the Water Services Division in anticipation of fulfilling the services as the appointed Water Services Authority also contributed towards salary related expenditure.

The maintenance expenses for the financial year only amount to R 55 Million (2007/08: R 15 Million) which is approximately 14% of the total operating expenditure. Maintenance has been increased to a level where new infrastructure is maintained to a satisfactory level. The amount spent has increased substantially during the current financial year.

Actual capital charges, at R 173 Million, were R 80 Million less than the budgeted amount of R 253 Million. Major capital projects starting later than anticipated, specifically water related projects, have led to the lower than budget capital expenditure. The challenge facing the Municipality in future will be to balance

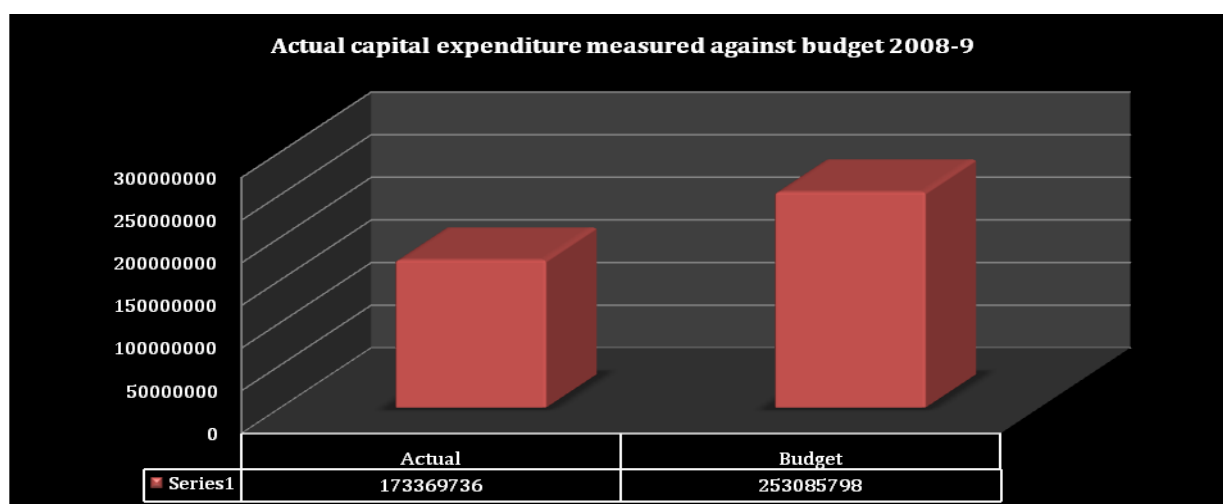
the limited resources available to the municipality with the expectations of consumers and National Government regarding service delivery.

The major expenditure categories can also be presented as a percentage of total operating expenditure as follows:



#### 7.1.6. CAPITAL EXPENDITURE

The Municipality budgeted R 253 Million for capital expenditure in 2009 against R 180 Million in the previous year. However, actual capital expenditure for the year under review is R 173 Million or 28% less than the capital budget but R 5 Million more than the capital expenditure for the previous financial year. The Municipality is also contractually committed for expenditure on existing projects to the value of R 210 Million.



For detailed financial figures refer attached AFS

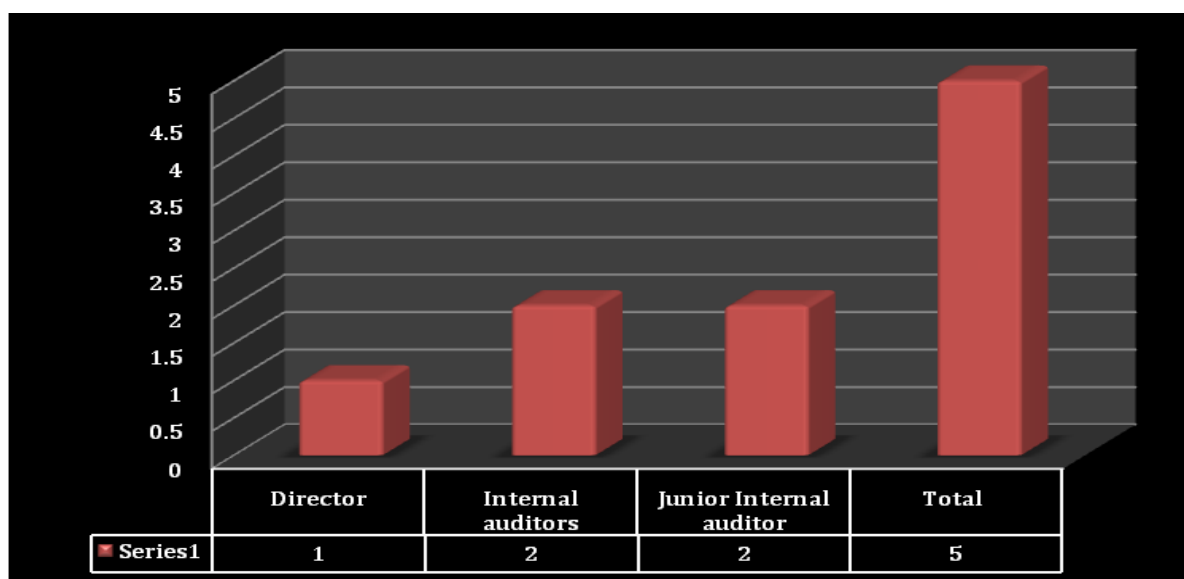
#### **7.1.6.1. BLM INTERNAL AUDIT**

##### *7.1.6.1.1. BACKGROUND*

The municipality has its own internal audit directorate. Internal audit addresses in particular issues of internal control. The Internal audit functions independently and it is headed by the Director who reports administratively to the Municipal Manager and functionally to the Audit committee. All Internal audits assignments are performed in house.

##### *7.1.6.1.2. COMPOSITION OF INTERNAL AUDIT*

In order to provide a focused and industry-specific audit service, the internal audit section has a team of dedicated internal auditors that provides internal audit services. The benefit of this set up is that the Municipality receives advice from internal auditors who are well acquainted with systems and processes within the Municipality at a lower cost. Internal Audit performs its duties according to its approved charter, which is reviewed on an annual basis. The graph below presents the staffing of Internal Audit division:



#### 7.1.6.1.3. INTERNAL AUDIT SCOPE OF WORK

The scope of work of the Internal Audit is to determine whether the Municipality's network of risk management, control, and governance processes, as designed and represented by management, is adequate and functions in a manner to ensure that the following aspects are addressed:

- Risks are appropriately identified and managed.
- Appropriate reporting and communication with the various governance groups occurs effectively.
- Significant financial, managerial, and operating information is accurate, reliable and timeously.
- Employees' actions are in compliance with policies, standards, procedures and applicable laws and regulations.
- Assets are safeguarded, used efficiently, adequately protected and verified.
- Resources are acquired economically, used efficiently and are adequately protected.
- Economic and efficient management of the entity's financial, human and other resources and the effective conduct of its operations.
- Programmes, plans and objectives are achieved.
- Quality and continuous improvement are fostered in the municipality's control process.
- Significant legislative or regulatory issues impacting on the Municipality are recognized, addressed appropriately and timeously and compliance is ensured.
- Functions and divisions within the Municipality at appropriate intervals are efficient and can effectively carry out their functions of planning, organizing, directing and controlling in accordance



with management instructions, policies and procedures and in a manner that is consistent with both Municipal objectives and its standards of administrative practice.

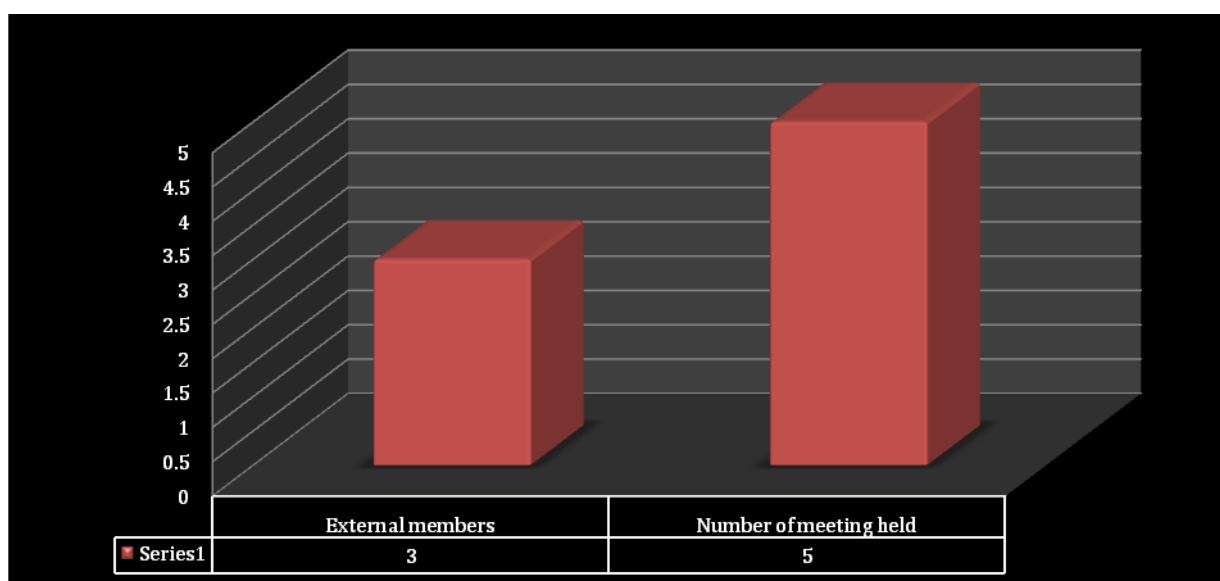
#### *7.1.6.1.4. OPERATIONAL PLAN*

A risk assessment was performed in May 2008. The purpose of the risk assessment was to:

- Identify the areas of Municipal activity that require auditing during the current year.
- State how the Internal Audit service will be provided, and establish the resources and skills required to meet audit objectives.
- Set out the relative allocation of resources between the work to obtain assurance on the internal control systems and any work to provide advice.
- Assist the overall control and direction of the work.

#### *7.1.6.1.5. FUNCTIONING OF THE AUDIT COMMITTEE*

An Audit Committee was successfully established comprising of e external members and properly functioning. An audit committee charter was approved and adopted by Council and the respective number of meeting held as per graph below:



#### 7.1.6.1.6. AUDIT COMMITTEE MEMBERS:

	<b>Abel Mawela ( Chairperson)</b>
	Chad Jeffrey
	Suntherson Saimen

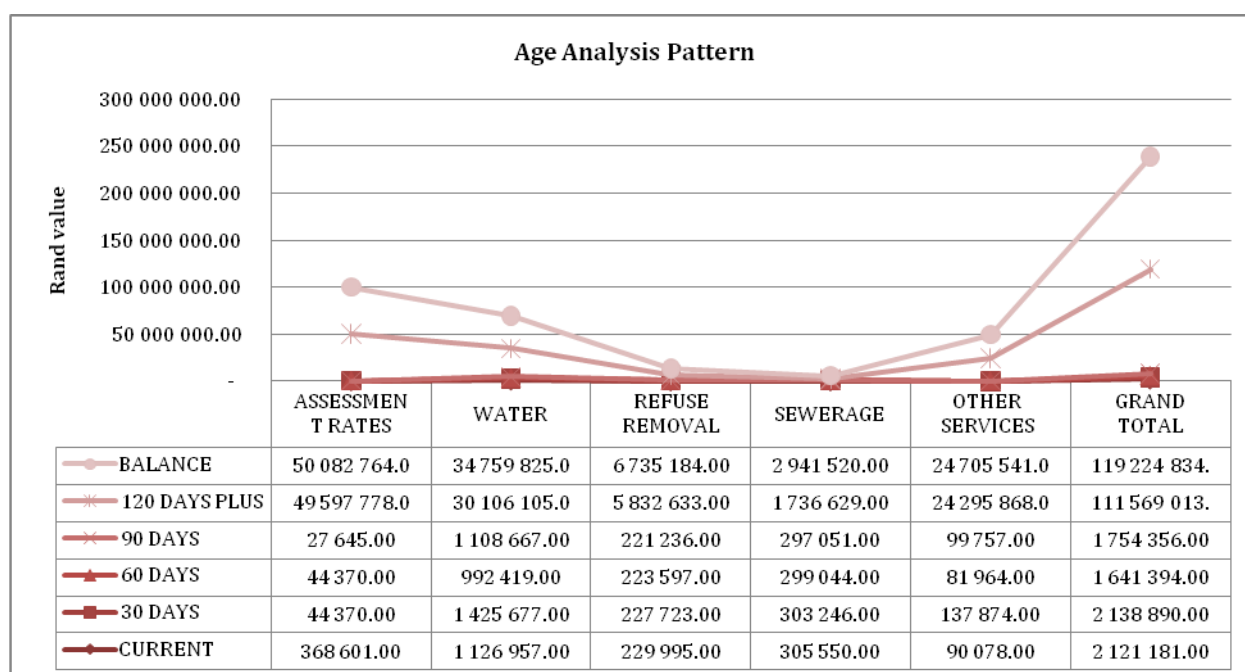
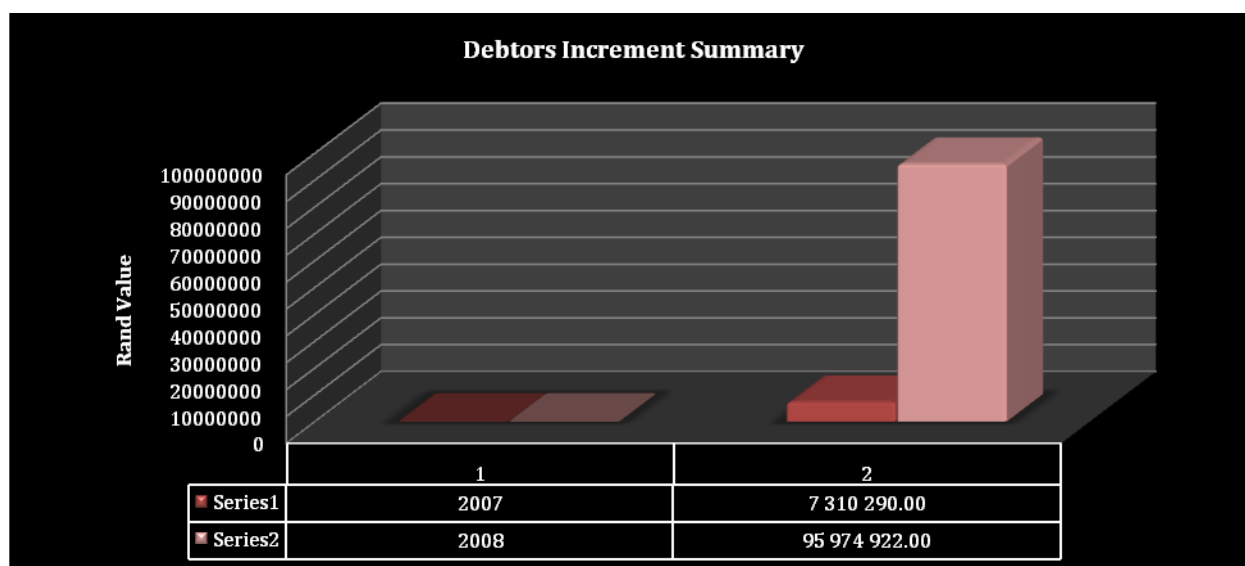
The table below represents Bushbuckridge Local municipality Operational Plan 2008/9

Activities	Hours
Re-visiting current Risk Profile and Priorities	120.00
Phase 2	
Compiling Strategic Audit Plan and Annual Plan	20.00
Community Services	
Traffic Services	240.00
Disaster Management	120.00
Corporate Services	
Corporate Support	480.00

Activities	Hours
Human Resource	240.00
Fleet Management	200.00
Financial Services	
Income	
Supply Chain Management	240.00
Expenditure	
Asset Management	200.00
Municipal Works	
Roads and Storm water	
General Maintenance	450.00
Building and Housing	280.00
Waste Management & refuse removal	
Economic Development planning and Environment	
Integrated Development Planning	
Town Planning and Environmental Management	350.00
Water Services	
Water and Sanitation	
Water Services Authority	
Corporate Services / Legal Services	
Contract / Supplier Performance	360.00
Follow up Audits	80.00
Ad-Hoc Audits	250.00
<b>TOTAL HOURS</b>	<b>3 630.00</b>

#### 7.1.7. DEBTORS ASSESSMENT

The graph below depicts the comparative incremental pattern of outstanding consumer debtors between the two financial years 2007 and 2008. The main reason for the increase is the levying for assessment rates.



### 7.1.8. BILLING SYSTEMS

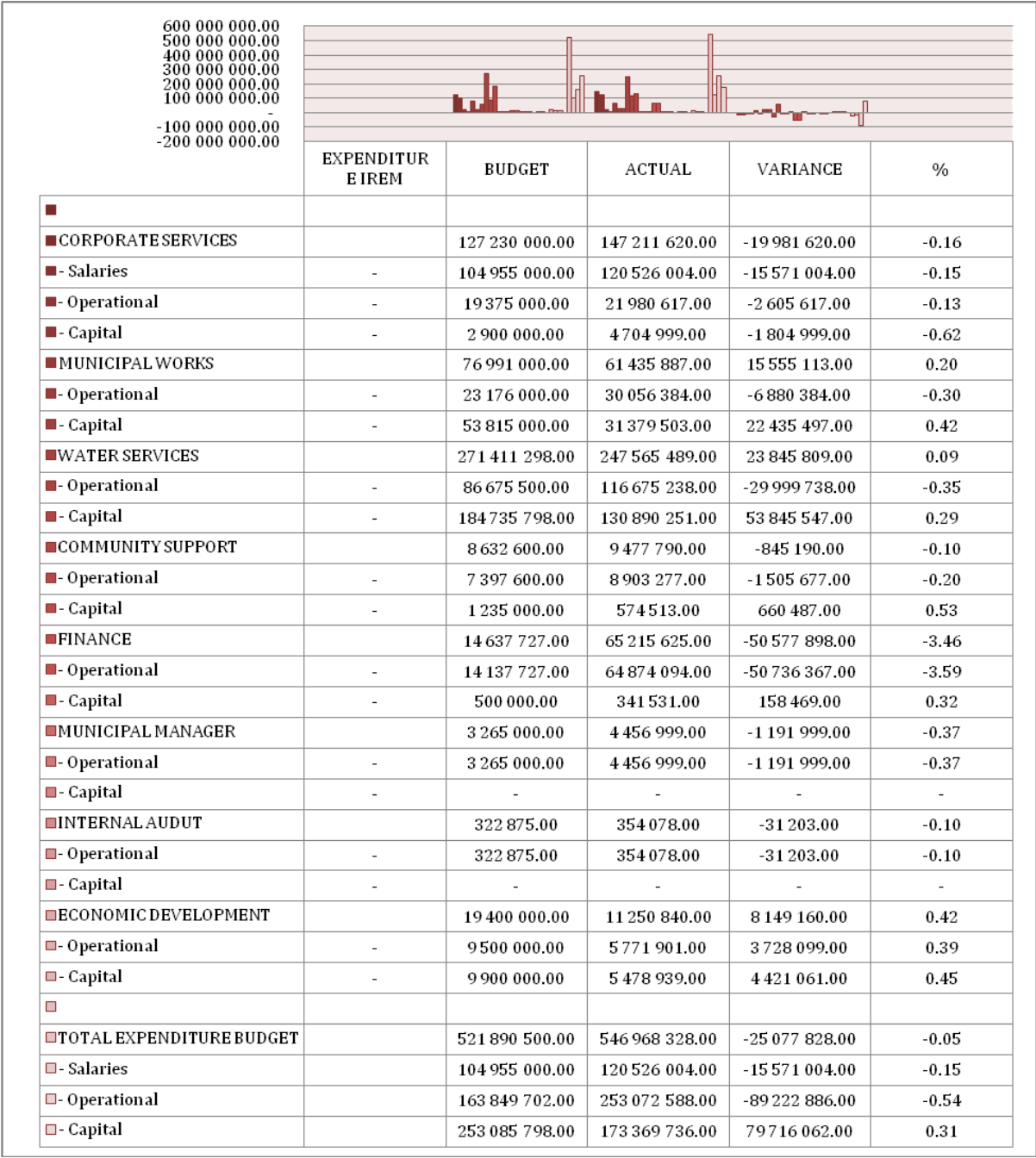
Bushbuckridge Local municipality do have proper billing systems. Data clean-up process has been started and is an on-going process to ensure accurate and valid data in the system

#### 7.1.9. REMEDIAL MEASURES

- Council has appointed a service provider to assist the municipality to accelerate the recovery of outstanding debts and also data cleansing to curb the accumulation thereof.
- Council has undertaken to implement vigorously Credit Control and Debt Collection Policy against the defaulters regarding payment and to update the indigent register.

#### 7.1.10. ABILITY TO SPENT CAPITAL BUDGET

The Municipality is able to spend all their capital budgets allocations. This is an indication that there is substantial progress in infrastructure development and service delivery. The expenditure patter is monitored on a quarterly basis through the performance of SDBIP; refer ***(section 4 for detail MIG performance pattern)***



#### 7.1.11. REVIEW OF AUDITOR GENERAL'S REPORTS

Section 126(1) of the Municipal Finance Management Act requires the accounting officer of a municipality to prepare and submit annual financial statements of the municipality and, within two months after the end of the financial year to which those statements relate, submit the statements to the auditor-general for auditing.

#### 7.1.11.1. CREDIT CONTROL AND INDIGENT POLICIES IN MUNICIPALITIES

The table below depicts improvement in the development of credit control policies within the municipality

	Credit Control Policy		
	Indigent policy	Policy	By-laws
	Adopted	Adopted	In process

#### 7.1.11.2. IMPLEMENTATION OF THE MUNICIPAL PROPERTY RATES ACT

	2007-2008	2008-2009
	Valuation roll	Valuation roll
	Yes	Yes
	Yes	Yes
	Yes	Yes

#### 7.1.11.3. FINANCIAL POLICIES:

Policy	Approved by council	Implemented	Promulgated in By- Law
Tariff policy	✓	✓	✓
Credit control policy	✓	✓	✓
Indigent policy	✓	✓	✓
SCM policy	✓	✓	✓
Property rate policy	✓	✓	✓
Cash Management and Investment policy	✓	✓	✓
Asset management policy	✓	✓	✓
Financial management policy	✓	✓	✓
Budget Policy	✓	✓	
Valuation policy	✓	✓	

#### 7.1.11.4. STATUS OF MUNICIPAL PROPERTY RATES POLICIES

	2007-2008		2008-2009	
	Draft Policy	Final Policy	Draft Policy	Final Policy
	Yes	Yes	Yes	Yes



## 7.2. CONCLUSION

The Auditor General's reports present a consistent warning of how municipal finances are being managed. The escalating level of outstanding debtors is subject of great concern.

Bushbuckridge Local Municipality is committed to ensure implementation and refining revenue collection mechanisms and revenue enhancement programs. We realise the greatest need to deal effectively and efficient to all issues and concerns raised by Auditor's General Report to ensure successful delivery mechanisms and visible service delivery in line with the five Key Performance Areas discussed in the previous sections.

## 7.3. AUDIT GENERAL REPORT

### 7.3.1. REPORT OF THE AUDITOR GENERAL

The 2008/2009 AFS were submitted to the office of the Auditor-General on the 28 August 2009 for audit purposes and as required by the MFMA.

The Auditor-General commenced with auditing activities during September 2009. The auditing process has been finalised and the report has been issued on the 30<sup>th</sup> November 2009.

2006-2007		2007-2008		2008-2009	
AFS Finalised and submitted	Audit opinion	AFS Finalised and submitted	Audit opinion	AFS Finalised and submitted	Audit Opinion
30-Aug-07	Disclaimer	30-Aug-08	Qualified	30-Aug-09	Unqualified

# SECTION 8

## 8 GOOD GOVERNANCE AND PUBLIC PARTICIPATION

### 8.1. INTRODUCTION

Bushbuckridge Local Municipality (BLM) is conscious to the fact that good governance is the accountability to the community and other stakeholders as well as the Municipal Council's oversight function. In order to be appropriately accountable to service users and relevant stakeholders the municipality have proper systems, procedures and processes in place to allow for maximum participation in setting both service priorities and in evaluating the level of services provided.

Effective implementation of internal systems and controls is considered to be the most effective and efficient mechanism to ensure proper and accountable use of public taxes and other resources to deliver against those priorities.

This section of the report will focus primarily in the following key outcomes

- Ward committees and the deployment of Community Development Workers
- Intergovernmental relations within sectors
- Anti-corruption measures
- Presidential and Ministerial Imbizo's
- Standard operating procedures and delegations

## 8.2. PROGRESS MAPPING

### 8.2.1. MUNICIPAL COUNCIL COMPOSITION

#### 8.2.1.1. LIST OF WARD COUNCILLORS

WARD NO.	SURNAME & INITIALS	CONTACT NUMBERS		
1.	NGOBENI GIVEN NIKIWE	079	874	3273
2.	KHUMALO SELINA	079	874	3348
3.	MONARENG CHARLES	082	680	4545
4.	MOHLALA VICTOR VUSI	079	874	3976
5.	MOKOENA LENA LESIMELO	079	874	3366
6.	KHOZA EUNICE NWAMANDLAZI	079	874	3361
7.	SIWELA PUNKIE FLORANCE	079	874	3977
8.	MASHILE ELVIS NOKO	079	874	3345
9.	SHABANGU SAMSON THAPELO	079	874	3304
10.	MNENE FILITA	079	874	3384
11.	MASHEGO TSAKANI DINA	079	874	3385
12.	LEKHULENI MATHALAZA LIZAH	079	874	3369
13.	SEERANE RAMS SHADRACK	079	874	4447
14.	MAKHUBELA BUSANI BETTY	079	874	3350
15.	MATSIE IRENE ERENI	079	874	4338
16.	KHOZA BARNEY SOLOMON	079	874	3364
17.	MALEBE LEBELELANG REINECK	079	874	3371
18.	MOKOENA BOIKY TEBOGO	079	874	4339
19.	MAKHUBELA RECKSON DENTY	079	874	3394
20.	KHOZA PETRUS ALBERT	079	874	3354
21.	SAMBO SMART JOHN	079	874	3330
22.	SELOWE ENAS	079	874	4336
23.	SIBUYI MANTSHOBO RICHARD	079	874	3347
24.	SHILANE MICHAEL PHILI	079	874	3975
25.	MBOWENI JABULANI DOUGLAS	079	874	3340
26.	NKUNA BASANI VIOLET	079	874	3397
27.	MAFUYEKA CITYLATE SEVEN	079	874	3955
28.	MAPHANSA PINKY THANDI	079	874	3378
29.	GODI ZODWA	079	874	3966
30.	MABUNDA NOMTHANDAZO LYDIA	079	874	3349
31.	SIBUYI FOLLAS FOLLES	079	874	3383
32.	MALOPE ABSOLOM GREGORY	079	874	3391
33.	MASHABANE DIFANI REINETH	079	874	3380
34.	MORALE KGAOGELO	079	874	3398

### 8.2.2. LIST OF COMMITTEES

#### 2.1. MAYORAL COMMITTEE

- Executive Mayor
- Speaker
- Chief Whip
- MMC for Finance, Supply Chain Management, LED, Planning & Environment
- MMC for Municipal Works
- MMC for Personnel, Administration and Traffic
- MMC for Sport, Arts, Culture and Heritage
- MMC for Social Development
- Municipal Manager
- Directors and Deputy Directors

#### 2.2. ETHICS COMMITTEE -

CHAIRPERSON: COUNCIL SPEAKER: CLR L. MASHELE

- Clr Calson Magopane
- Clr Dennis Mabunda
- Clr Phineas Monareng
- Clr Lucy Mathebula
- Clr Solly Mokoni
- Clr Remember Makhubela
- Clr Thandi Maphanga
- Clr Ezekiel Mashaba
- Clr Selina Khumalo
- Clr Oscar Makhubela

#### 2.3. BUDGET AND TREASURY STEERING - COMMITTEE CHAIRPERSON: CLR MILTON MOREMA

CLR THAPELO SHABANGU

- Clr Mashego Smekie
- Clr Lerato Mashele
- Clr Renius Khumalo
- Clr Elly Moloena
- Mr Canza Lisa
- Mr Edward Nyalungu
- Mr Dennis Chabane
- Mr Mathebula Cyril
- Ms Nyathi Pertunia

#### 2.4. *SPORT, ARTS, CULTURE AND HERITAGE CHAIRPERSON: CLR LESSY NZIMANDE*

##### *CLR CITYLATE MAFUYEKA*

▪	
▪	Clr Eunice Khosa
▪	Clr Monareng Charles
▪	Clr Reineck Malebe
▪	Clr Dentry Makhubela
▪	Clr Richard Sibuyi
▪	Clr Lucky Malatule
▪	Clr Sarah Godi
▪	Clr Kgaugelo Morale

#### *FINANCE, SUPPLY CHAIN MANAGEMENT, LED, PLANNING & ENVIRONMENT*

##### *CHAIRPERSON: CLR SMEKIE MASHEGO*

▪	Clr Virginia Mzimba
▪	Clr Filita Mnene
▪	Clr Albert Khosa
▪	Clr Velly Manzini
▪	Clr Absalom Malope
▪	Clr Patrick Mathebula
▪	Clr Johan Ndlovu
▪	Clr Tswarelo Malatjie
▪	Clr Jeconia Nkuna
▪	Clr Irene Matjie

#### 2.5. *SOCIAL DEVELOPMENT CHAIRPERSON:*

##### *CLR THULANI MORIPE*

▪	Clr Given Ngobeni
▪	Clr Mevis Mathebula
▪	Clr Elvis Mashile
▪	Clr Dina Mashego
▪	Clr Betty Makhubela
▪	Clr Solly Khoza
▪	Clr John Sambo
▪	Clr Myanga Busi
▪	Clr Krisjan Mokoena
▪	Clr Ernest Mathi

**2.6. PERSONNEL, ADMINISTRATION AND TRAFFIC CHAIRPERSON:***CLR SARAH MOGAKANE*

- Clr Lena Mokoena
- Clr Florence Simela
- Clr Rams Seerane
- Clr Enas Selowe
- Clr Follas Sibuyi
- Clr Michael Shilane
- Clr Lydia Mabunda
- Clr Difani Mashabane
- Clr Levis Thete
- Clr Rodgers Sibulelo

*MUNICIPAL WORKS**CHAIRPERSON: CLR THAPELO SHABANGU*

- Clr Victor Mohlala
- Clr Douglas Mboweni
- Clr Boykie Mokoena
- Clr Lizah Lekhuleni
- Clr Violet Nkuna
- Clr Zodwa Godi
- Clr Vincent Baloyi
- Clr Sylvia Nxumalo
- Clr Noel Dibakoane
- Clr Ellie Mokoena

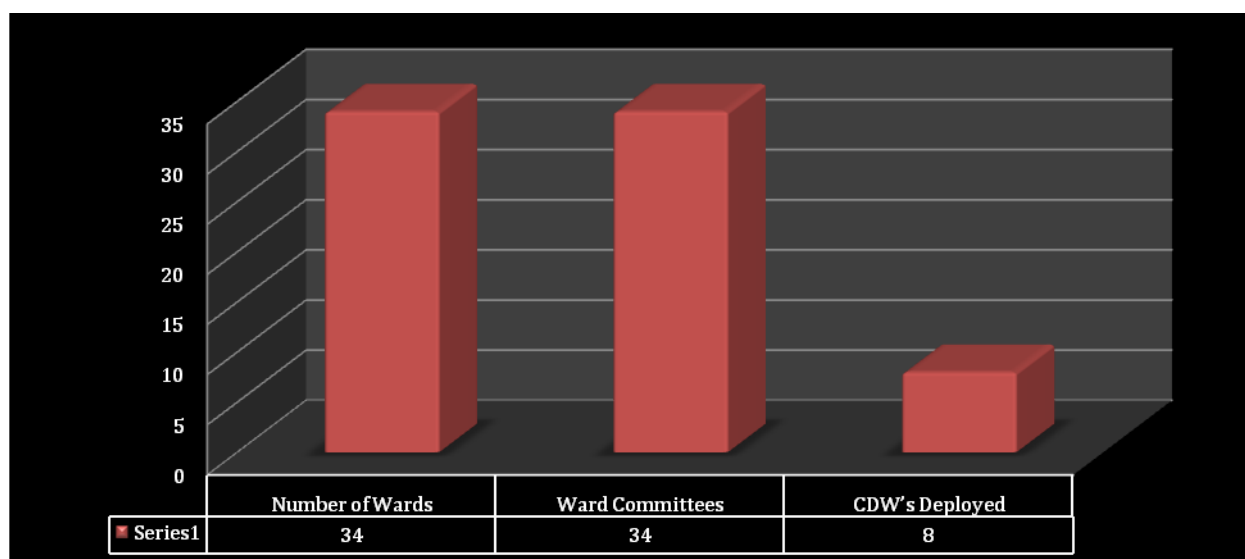
**8.2.3. WARD COMMITTEES AND DEPLOYMENT OF COMMUNITY DEVELOPMENT WORKERS**

Ward Committees signify an innovative and progressive approach to participatory governance in the municipality. A Ward Committee is a structure created to assist democratically elected representative of a ward (the councillor) to discharge his/her mandate.

Ward Committees are to:

- Ensure that local government works in partnership with communities for improved service delivery and sustainable development.
- Ensure that there is consensus between communities and local government on the needs and strategic interventions necessary for development.
- Ensure that communities know what is happening in a municipality at all times in line with the principle of transparency.
- Ensure that these communities have a platform to engage with municipalities and thereby hold them accountable for improved governance and service delivery.
- Facilitate public participation in the process of development, review and implementation of the IDP and LED of the municipality.
- Facilitate public participation in the process of development of the budget.

The graph below depicts the overall structural make-up of the municipality



#### 8.2.4. CHALLENGES EXPERIENCES IN GOOD GOVERNANCE AND PUBLIC PARTICIPATION

8.1.1.1	Working relation between structures is a challenge
8.1.1.2	Ward Committees not meeting as per their schedule
8.1.1.3	Ward Committee chairpersons are not calling meetings of Ward Committees as per planned schedule
8.1.1.4	Ward committees are experiencing a range of problems such as:
8.1.1.4.1	<ul style="list-style-type: none"> <li>▪ Not being paid out of pocket expenses and meeting allowances</li> </ul>
8.1.1.4.2	<ul style="list-style-type: none"> <li>▪ Capacity building not fast tracked</li> </ul>
8.1.1.4.3	<ul style="list-style-type: none"> <li>▪ Lack of role clarification</li> </ul>
8.1.1.5	<ul style="list-style-type: none"> <li>▪ Financial constraints</li> </ul>



## 8.2.5. CHALLENGES EXPERIENCES IN GOOD GOVERNANCE AND PUBLIC PARTICIPATION

8.1.1.6	Relevant structure to hold monthly meeting to harness relationships
8.1.1.7	Encouragement to Ward Councillors to honour their meetings
8.1.1.8	Speakers to promote Ward Councillors to call meetings of ward committee's interims of their meeting schedules and disciplinary action to be effected.
8.1.1.9	Role Clarification for Ward Councillors, CDWs and Ward Committees
8.1.1.10	Local Government Sector Education and Training Authority (LGSETA) to fast track the accreditation of service provider
8.1.1.10.1	<i>Induction programme</i>
8.1.1.10.2	<i>Community Based Planning</i>
8.1.1.10.3	<i>Public Participation in Local Governance</i>
8.1.1.10.4	<i>Core Municipal Processes and Ward Committee's Role in (IDP, LED, and Service Delivery</i>
8.1.1.10.5	<i>Project Management</i>
8.1.1.10.6	<i>Communication, Facilitation, and Dealing with Conflict</i>
8.1.1.10.7	<i>Community Diversity</i>
8.1.1.10.8	<i>Meeting Procedures</i>

### **8.3. CONCLUSION**

Effective alignment of various structure and committees within the municipality is the key to successfully achieve the desired end result in terms of service delivery and harnessing working relationships. The Department of Local Government and Corporate Governance and Traditional Affairs to continuously support the municipality and investment in capacity building intervention will yield the municipality's relations

## SECTION 9

### 9 PERFORMANCE MONITORING, REPORTING AND EVALUATION

#### 9.1. INTRODUCTION

BLM over the past year rely on the effective engagement of the PMS Unit and PMU to monitor and report on progress made regarding service delivery. This intervention has assisted the municipality to monitor Performance management systems processes. In addition, benefit realisation will be improved in the next years to come as the PMS Unit is fairly new and undergoing capacitation to combat experienced challenges

#### 9.2. ADDRESSING THE KEY PERFORMANCE AREAS

BLM will continue to align municipal internal and external processes to the organisation to achieve its Constitutional and other legislative mandate.

##### 9.2.1. MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

The efficiency and effectiveness of BLM to perform its function is dependent on functional organizational structure introduced. This comprises the satisfying of all posts, key policies and procedures being developed and adopted and overall capacity being developed.

The municipality acknowledge these as the key investment strategies to capacitate the organisation for optimum performance

The active role played by the PMS Unit is to strengthen accurate monitoring and reporting. Effective implementation of performance management systems still remain a challenge.

BLM is in compliance with Municipal Performance Regulation, which requires all section 57 employees to sign employment contracts and performance contracts. A giant step has been made to link both

Organisational and Individual Performance Management system as individual employees are all compacted and being monitored through the system itself. This is in itself an investment on its own.

The transformation of the municipality in meeting employment equity targets is progressing but a fairly slowly pace. BLM have made progress with the appointment of women in strategic positions. The critical challenge is the implementation of Work Place Skill Plan as the budget set aside for this effort is not honoured and being utilised for other service delivery votes. The Key steps to honour this KPA is the continuous review and stream-lining of all municipal processes, procedures and guidelines

### **9.2.2. KPA 2: BASIC SERVICE DELIVERY**

BLM was able to achieve its MIG expenditure, for the past two financial years. Where challenges were experienced was a result of the following:

Deficiencies regarding multi-year planning of MIG projects and poor technical capacity for project management

Overall Project Management in terms of:

- Project scoping
- Project costing
- Delays in the registration of business plans, the procurement of service providers and the implementation of projects

However, the future outlook remains positive. The assistant of DBSA and PMS experts into the municipality is seen as a benefit to the municipality.

### **9.2.3. KPA 3: LOCAL ECONOMIC DEVELOPMENT**

An important building block for local economic development is a growth and development strategy. The municipality has developed and started implementing some of the programme in the LED Strategy / plan. The challenge is the accurate implementation of the identified programmes in the LED due to:

- Capacity issues
- Working relationships between the municipality and Tribal authorities
- Project mapping and implementation
- Financial constraints

LED still remains a challenge for many officials and office bearers in terms of its definition and what it entails, hence the need to create a common understanding and build capacity amongst officials and politicians is being harness and fast tracked.

### **9.2.4. KPA 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT**

Municipal financial viability assessments revealed that debtors have been accumulating at a high rate highlighted earlier. The high debt owed to municipalities is crippling the financial viability of municipalities. Revenue Management Strategies needs to be effectively implemented and reviewed to recover outstanding debts.

### **9.2.5. KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION**

The performance of the municipality is subject to continuous improvement. Matters of governance requires stream-lining to ensure effective participatory mechanism to achieve desired result. Relevant representative structures and committees are in place and their challenges are being monitored to close the gaps that exist as discussed earlier. Investing in training and Development is the key to true benefit realisation in capacity building

## CONCLUSION

	<p>The purpose of Annual Performance Report is to make possible for the relevant stakeholder groups to evaluate progress made by the municipality towards achieving its vision and mission. This report serves as an achievement by the municipality to report progress made in terms of service delivery KPA and other related KPA discussed in the report</p> <p>The challenge is to ensure accurate reporting and submission of accurate data which will make it possible for the PMS Unit to consolidate and report against the five Key Performance Areas.</p> <p>Regardless of this it is anticipate that this report does justice to the situation on the ground and that it achieve what it purport to achieve</p>

## REPORT AUTHORISATION

TITLE	SIGNATURE	DATE
Municipal Manager		
Executive Mayor		

## ANNEXURE

	CONTENT
	Audited Financial Statement
	Integrated Development Plan
	Service Delivery Budget Implementation Plan and Report



## **REPORT OF THE AUDITOR-GENERAL TO THE MPUMALANGA LEGISLATURE AND THE COUNCIL ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE BUSHBUCKRIDGE LOCAL MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2009**

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Introduction**

1. I have audited the accompanying financial statements of the Bushbuckridge Local Municipality which comprise the balance sheet as at 30 June 2009, and the income statement and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages xx to xx.

#### **The accounting officer's responsibility for the financial statements**

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the entity-specific basis of accounting, as set out in accounting policy note 1 and in the manner required by the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **The Auditor-General's responsibility**

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### **Opinion**

7. In my opinion the financial statements of the Bushbuckridge local municipality have been prepared, in all material respects, in accordance with the basis of accounting as set out in accounting policy note 1 to the financial statement and in the manner required by the MFMA.

#### **Emphasis of matters**

Without qualifying my opinion, I draw attention to the following matters:

#### **Basis of accounting**

8. The municipality's policy is to prepare financial statements on the entity-specific basis of accounting, as set out in accounting policy note 1.

#### Restatement of corresponding figures

9. As disclosed in note 32 to the financial statements, the corresponding figures for 30 June 2008 have been restated as a result of an error discovered during the financial year ended 30 June 2009 in the financial statements of the Bushbuckridge Local Municipality at, and for the year ended, 30 June 2008

#### Other matters

I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

#### Unaudited supplementary schedules

10. The budget information published alongside actual figures and the supplementary information set out on pages 33 to 38 does not form part of the financial statements and is presented as additional information. I have not audited these schedule(s) and accordingly I do not express an opinion thereon.

#### Governance framework

11. The governance principles that impact the auditor's opinion on the financial statements are related to the responsibilities and practices exercised by the accounting officer and executive management and are reflected in the internal control deficiencies and key governance responsibilities addressed below:

#### Key governance responsibilities

12. The MFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities, which I have assessed as follows:

No.	Matter	Y	N
<b>Clear trail of supporting documentation that is easily available and provided in a timely manner</b>			
1.	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.	Y	
<b>Quality of financial statements and related management information</b>			
2.	The financial statements were not subject to any material amendments resulting from the audit.	Y	
3.	The annual report was submitted for consideration prior to the tabling of the auditor's report.	Y	
<b>Timeliness of financial statements and management information</b>			
4.	The annual financial statements were submitted for auditing as per the legislated deadlines (section 126 of the MFMA).	Y	
<b>Availability of key officials during audit</b>			

No.	Matter	Y	N
5.	Key officials were available throughout the audit process.	Y	
<b>Development of and compliance with risk management, effective internal control and governance practices</b>			
6.	Audit committee		
	<ul style="list-style-type: none"> <li>The municipality had an audit committee in operation throughout the financial year.</li> </ul>	Y	
	<ul style="list-style-type: none"> <li>The audit committee operates in accordance with approved, written terms of reference.</li> </ul>	Y	
	<ul style="list-style-type: none"> <li>The audit committee substantially fulfilled its responsibilities for the year, as set out in section 166(2) of the MFMA.</li> </ul>	Y	
7.	Internal audit		
	<ul style="list-style-type: none"> <li>The municipality had an internal audit function in operation throughout the financial year.</li> </ul>	Y	
	<ul style="list-style-type: none"> <li>The internal audit function operates in terms of an approved internal audit plan.</li> </ul>	Y	
	<ul style="list-style-type: none"> <li>The internal audit function substantially fulfilled its responsibilities for the year, as set out in section 165(2) of the MFMA.</li> </ul>	Y	
8.	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.	Y	
9.	There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.	Y	
10.	The information systems were appropriate to facilitate the preparation of the financial statements.	Y	
11.	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in section 62(1)(c)(i) of the MFMA.		N
12.	Delegations of responsibility are in place, as set out in section 79 of the MFMA.	Y	
<b>Follow-up of audit findings</b>			
13.	The prior year audit findings have been substantially addressed.	Y	
14.	SCOPA resolutions have been substantially implemented.	Y	
<b>Issues relating to the reporting of performance information</b>			
15.	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.	Y	
16.	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.		N

No.	Matter	Y	N
17.	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by the Bushbuckridge Local Municipality against its mandate, predetermined objectives, outputs, indicators and targets (section 68 of the MFMA).	Y	
18.	There is a functioning performance management system and performance bonuses are only paid after proper assessment and approval by those charged with governance.	Y	

13. Part of the control processes for the accuracy of the reported performance information is the audit of performance information by Internal Audit. This control was not achieved mainly because of performance information not completed timeously to enable the audit thereof by internal audit.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Report on performance information

14. I have reviewed the performance information as set out on pages xx to xx.

### The accounting officer's responsibility for the performance information

15. In terms of section 121(3)(c) of the MFMA, the annual report of a municipality must include the annual performance report of the municipality, prepared by the municipality in terms of section 46 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

### The Auditor-General's responsibility

16. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008* and section 45 of the MSA.
17. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.
18. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the findings reported below.

### Findings on performance information

### Non-compliance with regulatory requirements

### Internal auditing of performance measurements

19. The internal auditors of the municipality did not audit the performance measurements on a continuous basis and did not submit quarterly reports on their audits to the municipal manager and the performance audit committee for the third and fourth quarters.

### No mid-year budget and performance assessments

20. The accounting officer of the municipality did not by 25 January 2009, assess the performance of the municipality during the first half of the financial year, taking into account the municipality's service delivery performance during the first half of the financial year and the service delivery targets and performance indicators set in the service delivery and budget and implementation plan, as required by section 72 of the MFMA.

### Lack of reporting on all predetermined objectives in annual report

21. The Bushbuckridge Local Municipality has not reported on all the predetermined objectives, the following are a few examples:

Per IDP		
Priority/Objective	Indicator	Target
<b>KPA: Infrastructure and Services</b>		
Water Infrastructure Projects to achieve Presidential targets	All households provided with quality affordable water	100% of the total households in the municipal area by 2010
<i>Sanitation</i> Provide an adequate and appropriate sewer systems for the urban part of the municipality as well as VIP's for the rural conditions	60% of households with appropriate sewer systems for both rural and urban communities	100% of the total households in the municipal area by 2010
Waste Management and Refuse Removal Provide a safe, effective and economical waste management and refuse disposal system	Households with access to waste management and refuse disposal system (per area or specific area and include time frame)	100% households by 2012
<i>Housing</i> Ensure that the housing need of people in the municipal area is met	Number of houses constructed	100% households with housing by 2012
<i>Cemeteries</i> Provide safe, appropriate and accessible burial space/cemetery space in the municipal area	Number of hectares of land acquired for cemeteries	< 1 family with a complaint by 2012
<i>Posts and Telecommunications</i> To ensure that a basic communication infrastructure is within reach of all the inhabitants in the municipal area	Number of projects on basic communication infrastructure implemented	Communication infrastructure projects by 2010
Land Ownership and Land Use Management Ensure lawful security of tenure	20% compliance with land tenure legislation	100% compliance of land tenure legislation by 2010
<b>KPA: Social Development</b>		
Health Promote the development of a healthy community and an effective healthcare environment	20 awareness programs and campaigns conducted	< 15 cases a month by 2012

### Inconsistently reported performance information

22. Certain objectives, performance indicators and targets in the annual performance report were found to be inconsistent or not aligned with the approved integrated development plan. The following serve as examples:

Per IDP			Per Performance Report		
KPA: Infrastructure and Services					
Objective	Indicator	Target	Objective	Indicator	Target
Electrification of	80% of electrified	100% of total households	Provision of Electricity	(%) infrastructure	9 High Mast lights

Households Provide affordable and reliable electricity to urban and rural areas in the municipality	homes for households earning incomes between R800 and R110	with electricity in the municipal area by 2012		planned versus milestone met	
<b>KPA: Economic Development</b>					
Local Economic Development Ensure economic growth in all sectors of the economy in order to half poverty	3% of economic growth in all sectors of the economy	3% GDP for the area by 2014	Sustainable job creation and poverty alleviation	(%) infrastructure planned versus milestone met	Market stalls
<b>KPA: Social Development</b>					
Sports and Recreation Ensure accessibility to Sport and Recreation facilities for all the inhabitants of the municipal area	Number of sports and recreation facilities developed	100000 inhabitants attending major sporting and recreational events by 2012	Access to sport, culture and recreation	(%) infrastructure planned versus milestone met	Ximungwe Sports complex, Athletics tracks; Thulamahashe Stadium and Shatale, Mathibela Sports Complex, Casteel sports complex

## APPRECIATION

23. The assistance rendered by the staff of the Bushbuckridge Local Municipality during the audit is sincerely appreciated.

30 November 2009